APRIL 1951

CREDIT and FINANCIAL MANAGEMENT

Final convention plans are being brought to completion

•

Wrestling with the same old problem of cash discounts

•

Operating forecast tells how healthy a business may be

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More on factoring and on the techniques of customer visits

Convention sparkplugs . . . See page 3

A publication of

The National Association of Credit Men

Editorial

"Let any man speak long enough He will get believers"

PROPAGANDA of the type we have experienced in the last decade or so is a new development in our own country. Various dictators have used propaganda to destroy the thinking processes of people and bring them needless and untold suffering. In a modern civilization where reliance is placed upon the press and upon the spoken word, whether over the air or in assembly, false statements when constantly repeated are frequently accepted as truth. The people have not scrutinized them with the same analytical care as would the men and women who lived in the earlier days of our history. These trends, of course, naturally run their course, after much damage. However, our own people, if not the people of the world, are beginning once again to do their own thinking. This cannot but be a healthy sign.

The whole approach to problems of vital interest in our own nation has been to use too much propaganda and to be too sparing of facts. If a policy is desired witness after witness parades in support of it. National names are enlisted and the proposers consume weeks on end in presenting evidence to prove the need of the policy. The theory behind this type of campaign is to discourage and disparage any statement of the opposite point of view. Such a program has been most effective in the enactment of much legislation that has not been in the interest of the nation. Now, however, this practice is beginning to be questioned by more and more people.

Credit executives know that they must base their judgment on facts, not gossip, on performance, not wishful thinking, or an analysis of all factors—liabilities as well as assets—and not merely on the superficial favorable conditions. Let us hope that the American people will become vigilant in demanding less propaganda and more facts. If they do the nation will be benefitted.

Henry H. Heimann

HENRY H. HEIMANN,
EXECUTIVE MANAGER

THIS MONTH'S COVER

The 55th Annual Credit Congress to be held in Boston on May 13-17 from present indications will be one of the outstanding conventions in the history of the National Association of Credit Men. As is the case with every successful enterprise, the enthusiasm and drive of the individuals promoting it are of the utmost importance. On the front cover we are presenting the "spark plugs" of the group in Boston which started three years ago to make plans for holding our National Convention in that historic city in 1951. The individual on the left is Edwin M. Wolley of the United States Fidelity & Guaranty Company, who is General Convention Chairman, with James N. Jones, Decatur & Hopkins, who has served as President of the Boston Association of Credit Men during the past year when the host Association has been making extensive plans to entertain credit executives from all over the United States.

While these gentlemen are properly referred to as the "spark plugs" for the Boston Convention, a number of other individuals have also played an important part in preparing for this year's convention. A number of these committee chairmen and active participants in the convention plans are shown on other pages of this issue.

CREDIT and FINANCIAL MANAGEMENT

APRIL, 1951

Official Publication of the National Association of Credit Men

VOLUME 53, NUMBER 4

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Published on the 15th of each month by the National Association of Credit Men, 1309 Noble Street, Philadelphia 23, Pennsylvania. Entered as second class matter December 22, 1933, at the Post Office at Philadelphia, Pa., under the act of March 3, 1879. Subscription price $3.00 a year, 25¢ per copy; Canada, $3.50; all other countries, $4.00 postpaid.

THIRTY DAYS IN WASHINGTON

A check list of items of interest to Financial Executives

AMENDMENTS TO REGULATION X: On April 4 the Board of Governors of the Federal Reserve System announced Amendment No. 3 to Regulation X. The purpose of the amendment is to exempt state and local governments from the terms of Regulation X where an extension of credit is contemplated on a basis which does not conform to the Regulation in connection with the construction of non-residential facilities.

Amendment No. 2 to Regulation X became effective March 21 by adding a new Section, 5-G, permitting a limited number of builders or other persons who had made specific commitments on contemplated multi-unit residential construction to obtain a fulfillment covering commitments by special application to the Federal Reserve Board.

VOLUNTARY CREDIT RESTRAINT PROGRAM: On March 14 and 15 the Voluntary Credit Restraint Committee, composed of representatives of commercial banks, insurance companies and investment bankers, issued a statement of principles setting forth that undesirable loans at the present time included those which cover speculative investments, or purchases, which would include expansion of real estate holdings, or plant facilities, as well as accumulation of inventories in expectation of resale instead of use. The general purpose of the proposal is to restrict loans for non-productive purposes and thus help to control inflationary pressures.

James E. Shelton, President of the American Bankers Association, in a circular letter to the members of that organization, dated March 21, stated: "I earnestly urge all banks and bankers, in extending credit, to comply with both the letter and the spirit of the Statement of Principles which are the heart of this program. By so doing, we shall be voluntarily making our contribution as bankers to the effort to lessen inflationary pressures and thereby help to preserve the purchasing power and the integrity of the American dollar."

RENEGOTIATION ACT NOW IN EFFECT: All those contemplating, or having contracts in connection with the National Defense, should have one or more complete copies of Public Law #9, 82nd Congress, Chapter 15, first session, HR 1724, which is the Renegotiation Act of 1951. These copies may be purchased from the Superintendent of Documents, Government Printing Office, Washington 25, D. C. The Act covers eighteen closely printed pages and defines how and when the renegotiation of defense contracts will be undertaken by the procurement agencies.

"V" LOANS AWAIT AMENDMENT TO PRESENT LAW: Reports from banks and lending institutions throughout the country are to the effect that more than one billion dollars in applications for "V" loans are now held up because of a ruling by the Comptroller General to the effect that under renegotiation of contracts, or price revision, the lender under the "V" loan provision would be liable to the government along with the contractor. The objection raised by bankers hinges on the requirement that lending institutions might be called upon to refund payments made under an assigned contract. Such assignments are generally required by banks as a protection in cases where the credit standing of the contractor is not satisfactory.

Reward or Penalty—
WHICH IS THE CASH DISCOUNT?

by ALBERT F. CHAPIN
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THE recent prize contest conducted by this magazine for the best letter to reform a cash discount "chiseler" has again quickened the interest of managers of credit in that problem. No doubt the publication of the five best letters was awaited with keen interest not only by the contestants but by all who are even remotely concerned with the abuse of cash discount terms. The prize letters, it should be noted, were submitted to fit a particular problem, typical it is true, but not composite. No one letter could be a "best" nor even a model for all discount problems confronting the credit manager. Some credit managers, whose houses have cash discounts in their terms, may feel that the problem is no longer difficult for them. This may be because the pressure exerted to collect an unearned discount is tempered to the customer's resistance to it. As a result, a groove is established which seems to satisfy the management and the sales department and which collects some percentage of the discounts wrongfully taken. It is, withal, an easy course to follow. But it is far from an ideal policy to pursue.

What is there about cash discounts that invites an infraction of terms, and how can creditors best deal with the infractions? An attempt will be made to explain why the cash discount provokes infractions, but how to prevent terms' infractions calls for an answer not yet found. Perhaps some analysis of arguments and appeals commonly made will afford a nearer approach to a satisfactory, if not ideal, answer. The cry has gone forth "stop the chiselers". But how? "If to do were as easy as to know what were good to do."

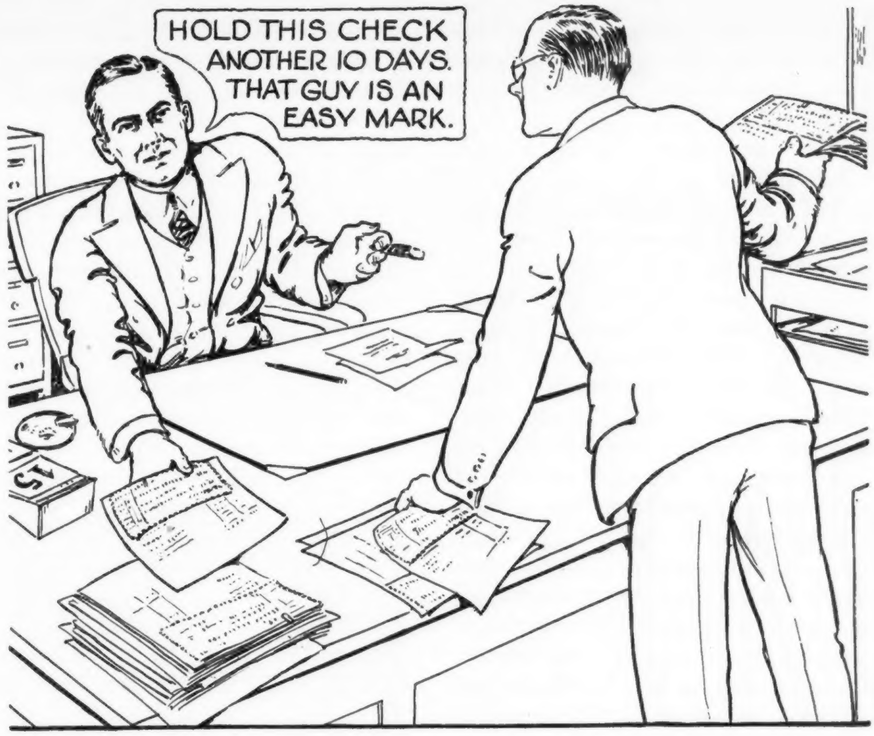
Cash discount—reward or penalty?

Credit managers, in their correspondence with customers, are wont to refer to the cash discount as a premium for prompt payment. In a sense this is true, but it is only a part of the truth. It is silent on the fact that if the customer does not avail himself of the premium, the alternative part of the terms imposes a penalty. The seller, of course, does not want to tell his customer, if he does not pay cash, he will be penalized, but the terms, if he will analyze them, will tell him so. Is the cash discount really a premium or penalty? If the true price of the merchandise is the credit price, as conventionally stated, then any amount less than that price may be regarded as a premium. On the other hand, the buyer who thinks of the price as the cash price is plainly penalized if he has to pay the net price.

Since terms are so multifarious, let us confine our thought to terms of "2 per cent 10 days, net 30 days", which means the stated price is to be paid in 30 days from the date of the invoice, or 2 per cent may be deducted from that price if payment is made in 10 days instead of 30 days from invoice date. This is conventionally stated as 2/10 net 30, or as 2/10/30. Actually, the terms obscure the price at which the merchandise can be bought. Assume a mill quotes a manufacturer 360 yards of material at $4.20 a yard with terms of 2/10 net 30. Here, obviously, are *two* prices for *one* lot of merchandise. The mill, through its terms, makes two offers, each equally valid. One is "this lot of merchandise for $1481.76 cash (10 days)" and the other "this lot of merchandise for $1512.00, payment in 30 days." Since this merchandise may be had for $1481.76, it is obvious there must be some consideration, other than the merchandise, for the difference of $30.24 (2 per cent of $1512). The mill, through its terms, 2/10 net 30, said in effect, "If you wish to use the $1481.76 and have the use of the merchandise too for the "next 30 days, we will charge you $30.24" (the cash discount, so-called).

The mill has also the following information available, though pretty well concealed, in its terms. If the buyer wishes to retain, in other words, borrow, the $1481.76 for 20 days, the difference in time between the 10 days cash and the 30 days credit in the terms, it will cost him $30.24, or at the rate of approximately 37 per cent per annum. Now, since $1481.76 has a value in use of $7.41 or less (depending upon whether money may be borrowed at 6 per cent per annum or less) the borrower-purchaser is *penalized* $22.83 or at the rate of approximately *31 per cent per annum* for failing to buy for cash. It is quite obvious if the buyer pays 31 per cent more than the money is worth, the seller receives 31 per cent more than the money is worth. In other words, a portion of the money represented by the seller's Accounts Receivable is being loaned to customers at the rate of 37 per cent per annum. This rate is true only in theory.

It is plain the buyer and seller look at the cash discount, so-called, from opposite sides. The buyer feels he is sacrificing an exorbitant amount merely because he delays payment for a brief period. The seller, on the other hand, knows that when a sale is for cash he not only has the use of the money but he has freedom from collection costs and freedom from the possibility of a bad debt. He knows, too, if he does not sell for cash, then collection costs and bad debts develop.



The buyer's viewpoint

Let us view the cash discount, so-called, from different angles. Let us look at it first from the viewpoint of the buyer. To him it appears merely as two prices for the same merchandise. Naturally he wishes to buy at the lower price. True, there may be a few days' time involved but of what moment are a few days? Surely the seller is not justified in asking 2 per cent more for merchandise which may already have lain in his stockroom weeks and weeks and which might have lain there weeks more if the buyer had not taken it off the seller's shelves. And, too, if the seller was willing to add 10 days to the weeks or months his money has been tied up, why should he stickle over a little more time? The buyer thinks there is a satisfactory profit in the lower price else the seller would not have quoted it.

The 2 per cent, added profit to whichever gets it, is the bone of contention, and this bone of contention is in the possession of the buyer. Is it going to be surrendered voluntarily to the seller? Anyone can answer that one.

The seller's viewpoint

Now, how does the seller view the cash discount, so-called? Many a credit man views it merely as a condition in the contract and one which adds 2 per cent to the profit of the sale if it can be collected. Many other credit men grasp the full significance and the function of this little 2 per cent. They realize that costs are involved in a credit business which the seller for cash does not have. The cash seller does not have to borrow or otherwise furnish the capital to carry Accounts Receivable; he has no bad debts; and he has no collection costs. Therefore he needs to add nothing to the price to cover these nonexistent costs. Not so with the seller on credit. He has these costs and like any costs they should be included in his selling price. But in the cash price should there be included collection and other nonexistent costs and so penalize his cash customers? In fairness, the answer is No. So, through terms the seller levies a *financing charge* against his credit customers while his cash customers are freed from it. The cash discount, which now let us more appropriately call a financing charge, enables the seller to differentiate, through price, between the cash and credit customers. Customers classify themselves.

Is the rate justified?

Let us take another look at this financing charge. It has been stated that terms of 2 per cent 10 days, net 30 days result in a "saving" (?) to the purchaser at the rate of 37 per cent per annum (customarily called 36 per cent per annum). It is also the rate received by the seller as a financing charge. But this is so only if buyers comply with the dates of 10 days and 30 days. If a buyer delays payment until the fiftieth day then he is paying, and the seller is collecting, a financing charge at the rate of only 18 per cent per annum. Perhaps these dates are more realistic. Perhaps more sellers are actually collecting on the basis of 2/10 net 50—50 days being the average date of net payments—than upon the quoted terms of 2/10 net 30. (Let us ignore for the moment those who chisel on the 10 days.) The financing charge thus becomes a charge at the rate of 18 per cent per annum (a 40 instead of a 20 day period). But is that rate high enough to fulfill its purpose? Its purpose, let us remember, is to recover costs.

Let us look at another illustration. If a seller's annual sales are $2,500,000 of which $1,500,000 are discounted and $1,000,000 paid net, then for financing these $1,000,000 sales the seller collects $20,000—a flat 2 per cent of such sales. Will $20,000 cover his interest expense on these sales, his collection costs and his bad debt losses for the year? If these costs are $20,000, no more, no less, then the financing charge has fulfilled its function perfectly. Now, this is fair to the cash customers but is it fair to each and all of the credit customers? Should the good credit customer be assessed for collection costs and bad debt losses which he does not cause, and for a borrowing period only a portion of which he uses? Obviously his remedy is to place himself in the cash discounting class, which he may do with the full approbation of his vendor, by advancing his payments

to the 10 day period, or he may refuse to pay the financing charge, thus classifying himself as a "chiseler".

Let us consider for a moment what change in the price, if any, would be necessary if the cash discount were eliminated from the terms. In the above illustration the total sales were stated as $2,500,000, which includes the financing costs of $20,000. Were there no financing costs the same merchandise could have been sold for $2,450,000 without any loss of profit ($2,500,000 less 2 per cent, the cash price). It is necessary, therefore, to recover through the price only $20,000 more than the cash price. If the cash price were raised approximately 1 per cent, or the credit price lowered exactly 1 per cent, the amount collected would be $2,475,000 leaving $5,000 more profit under the new price and terms of net 30 than was obtained under the old price and terms of 2/10 net 30. And note the quoted price has been reduced 1 per cent. In this illustration the seller collects only half the financing cost from the customers financed, the other half of the financing costs plus the additional profit of $5,000 being paid by the present discounting class. Which class of customers would benefit, and which class would be displeased, and justly so, by such a change in price and terms is obvious.

Misuse of the cash discount

Thus is the problem set up. All purchasers and sellers who have to deal with the problem should understand it. But understanding is not solving. The problem resolves itself into who is going to get the 2 per cent, buyer or seller? Note well that whichever gets it adds the amount to his profit. And while it is only 2 per cent of the selling price (or purchasing price) it may well represent 25, 50, 75 or some other per cent of the net profit of the one or the other. Neither will relinquish it willingly. The seller insists the discount, as he says, "must be earned" to be taken. The buyer regards the discount as merely establishing a higher price which actually *is avoided* not only by those who "earn" the discount but by many who do not. And why should *he* be a sucker?

Creditors nourish the abuse. Creditors are unwilling to surrender a discount yet they are over-ready to use it in an attempt to buy good will. How often is the following, or a slight variation of it, written? "We thank you for your check but we note you have deducted the cash discount although the discount date passed three weeks ago. We are allowing the discount this time but trust you will observe our terms in the future." Is there anything in that vapid statement to deter any but the most ingenuous from repeating? Where terms are concerned business men are not naive. They may not understand the full significance and purpose of terms but they do know what the terms state. Doesn't the above letter, slightly paraphrased, say: "We thank you for your check and we note you are trying to get away with the cash discount three weeks late and we are going to let you do it." There may be situations where this type of letter is fully justified, but they are rare.

Pernicious habit

Then there is the type of letter which says: "We have allowed your deductions in the past when payments were a few days late, but your present remittance is so large and the discount date so long overdue, we feel you will be glad to send us your check when the matter is called to your attention." How might this be paraphrased? Doesn't it say: "You know from experience we do not insist upon a strict observance of our terms and we are still unwilling to say just how late payment may be, or how large the discount, before we object." The discount, of course, is the same per cent of sales whether the invoice be a large or small one. But the seller intimates he will battle for the discount only when the amount is worth while and he will be the judge of that.

The habit of allowing a few extra days of grace is most pernicious. It fosters the abuse. Why make the definite indefinite? If you ever have the opportunity, make this test. Ask a group of credit men if their terms were 2/10 net 30 would they allow the discount if payment were made on the eleventh day? A considerable number, most perhaps, of them would say "Yes". Then ask consecutively: On the twelfth day? The thirteenth day? The fourteenth day? The group soon realizes that the line must be drawn somewhere and that the tenth day is where it should be drawn. The ten days are themselves days of grace on a cash sale. Bear in mind the finance charge (cash discount so-called) is not imposed for a cash sale, but if payment is made after the tenth day it is not a cash sale.

Then there is the creditor who, after repeatedly allowing a customer to retain an unearned discount, says: "We cannot in fairness to our other customers allow this discount to you, much as we would like to do so." This is a good argument when used at the right time, and the right time is at the customer's first offense. Of course, the letter must be more than a mere gesture. The seller should have no intention of allowing the unearned discount.

Another letter says: "We would like to allow you this discount but we would be violating the Robinson-Patman Act which prevents unfair price discrimination." One of the qualities which every good letter should have is sincerity. A good letter should bear no trace of hypocrisy or dissimulation. At best, the writer here is leaning on a weak crutch. No one really knows whether the abuse of cash discount terms violates the Robinson-Patman Act since the issue has not been adjudicated, but when a creditor tells a customer "We would like to allow you this discount" he is making a statement of doubtful sincerity.

A double abuse occurs or is attempted by the letter which says: "We thank you for your check for $1,960, but we note you have deducted the cash discount the final date for which lapsed several days ago. Please send us your check for $40." Here the creditor may be, and in most instances is, asking payment of the net amount before the invoice is due net. If he is unwilling to allow the discount, may he logically, if not legally, retain the check? The customer certainly should not have to pay a finance charge if he does not have the use of the money according to contract. But should the creditor return the check? He may feel that if he re-

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The Why, When and How of

Personal Interviews with Customers

by O. E. BARNUM

Credit Manager, United States Steel Company, Pittsburgh

THE credit man has a double job to do in making personal calls on his customers. To be sure, he must obtain the necessary information, the details which will permit the establishment of the desired credit, but in order to do a good job of this, he must first sell himself. The salesman accompanying him has already sold himself, and by his very presence is attempting to make the credit selling job a little easier. Through the salesman a more friendly atmosphere is generated more quickly.

The conversation usually begins by a discussion of the sales relationship, the availability of tonnage, and drifts over into sports, politics, and what have you. The credit man undoubtedly will participate in this part of the discussion and contribute. This discussion is helpful in developing a friendly relationship which will assist when the time comes to talk credit; however, in the ordinary case, the credit man will not want to lead this portion of the interview. He will find it most convenient not to interfere in the sales discussion except in so far as his credit function is concerned.

The credit man can make definite contributions by commenting on economic conditions generally, as they influence supply and demand, and the particular industry of the customer, also trends in business of interest to the account and such other general comments that lead naturally into the purpose of the credit call. If the discussion gets off on a tangent or stays afield for too long a time, the credit man should, without making it obvious, steer the conversation back to the purpose of the call; that is, credit.

The credit discussion

As the call moves over into the credit discussion, the plan of attack prepared prior to the call, and implemented with such information as was obtained from the salesman during the trip to the plant and comments during the preliminary discussion, can be put into effect. The credit man must be prepared to alter his plans as the discussion moves along. Perhaps, by the customer's comments, it will be easier to clear up contradictory information first, whereas it had been planned to talk about the company's financial condition first and then discuss other matters. The order in which the information is obtained is certainly unimportant as long as the credit man covers as much of the information as is possible and which he feels is necessary in order to make the best decision.

In the solicitation of financial information, which is the primary purpose of most of our credit calls, the credit man must be prepared for the occasional customer who is reluctant to offer financial details, and the rare one who just says flatly "No." The skillful investigator will have ready arguments for the submission of statements, he will be prepared to refute comments made by the customer, but above all, he should recognize when further pressing for figures might produce an unfriendly or adverse reaction on the part of the customer. Perhaps general comments on the part of the customer will be helpful; for example, the account may not wish to submit a complete statement, but will be willing to offer total current assets, total current liabilities, and net worth figures.

Asking for figures

In asking for figures in personal interviews, it is necessary to have ready reasons why the customer should submit figures, and be ready to answer successfully objections raised. The following are some arguments which would apply to practically all cases:

A giver of credit is contributing capital and in a sense is a partner of the customer, and as such has a right to complete information.

Credit is extended because of confidence in the risk. Requesting a statement is not a reflection on one's character, honesty, or business ability, but is done to secure information to enable business to be conducted intelligently.

The customer has positive knowledge that information is going only to people who are entitled to it.

Information is put in the hands of people who know how to interpret it.

Assurance can be had that the data will be held in strict confidence.

Many customers take advantage of a credit man's willingness to offer constructive criticism. Because of analyzing countless statements, many of which represent competitive lines, the credit manager is equipped to give helpful advice. As his analysis is in an entirely detached manner, he frequently can see tendencies which are not evident to the officers of the company who approach their finances from quite a different angle.

More reasons

The Credit Department's aim is to make relations with a customer mutually advantageous. For example:

A creditor who is fully informed as to a company's condition is in better position to assist the company in time of trouble. It is often the company which has extended credit without adequate information that rushes in and starts proceedings which may end in disaster.

Possession of financial details enables credit men to form definite opinion of risk and be better fitted to answer trade inquiries, thus performing additional services to the customer.

Finally, extending credit involves a mutual expression of confidence, and if a customer is unwilling to display such confidence by sharing financial information he hardly can expect to merit the credit man's confidence. In extending credit, the seller is giving the debtor part of his own capital in the form of material to use which certainly gives evidence of confidence. In return, the least the debtor can do is to share information regarding his affairs, which does not involve his capital or investment in any way at all—only calls for confidence in seller's properly handling the information.

During the interview, the credit man should be a good listener. He should let the customer tell his troubles without interruption.

Observing operations

If the opportunity presents itself during the interview to inspect the customer's plant, the offer should be accepted, for here is a chance to obtain further important details of interest in a financial analysis. The extent and value of the fixed assets of the company and the comments made concerning these items gives the proper color and weight to the balance sheet figures obtained. The manufacturing skills utilized, the labor situation, production and management ability, all can be observed in the inspection of the plant.

Customers are quite often very proud of the manufacturing setup, and in commenting on the plant and facilities will disclose information of a financial nature which is valuable. As the salesman usually is present on such an inspection, it is not necessary to discuss what is seen at too great a length; however, contributing comments and an occasional compliment or questions regarding the facilities are welcomed and appreciated, and, in many cases, lead to further disclosures.

Don't overstay your welcome

When the purpose of the call has been accomplished, the interview should be terminated. The customer should be assured that the credit man was glad to make the call and to meet him personally. He should be told frankly that such calls are a part of the service given by the firm and the service may be offered again in the future if there should be a need. The credit man need not linger and take up the customer's time, but should leave him feeling the genuine friendliness of the credit call.

The objective of the visit has been fully accomplished when the customer has been compensated for the time he has spent with you during the call. Has the time consumed been to the mutual advantage of customer and credit man? It is suggested that a contribution be made in the form of an idea, or perhaps a suggestion.

Upon leaving the plant, it is suggested that the salesman be asked to report the customer's reaction, if any, to this credit call when the next sales contact is made, where, no doubt, there will be some comments on the visit by the credit man. The arrangements as to terms of sale made with the customer during the call may be clarified and discussed with the sales representative at this time so that there is no misunderstanding.

Recording the contact

In the preparation of memoranda covering calls on customers, a definite pattern may be established. Information referring to each specific point developed during the contact is recorded under a title. Thus, in reviewing a memo it is a simple matter to go directly to that paragraph for detail on some point. The following titles are suggested, but can be added to or rearranged, or occasionally one omitted, as suits the immediate purpose.

(1) Date of Call
(2) Person Interviewed
(3) Accompanied by
(4) Purpose of Visit
(5) Financial Information
(6) Banking Information
(7) Impression of Plant
(8) Impression of Product
(9) Impression of Management
(10) Personal features and qualities of management that would be helpful in subsequent credit calls
(11) Company Prospects
(12) Remarks
(13) Conclusion and Recommendation

The memorandum should be as brief as possible while, at the same time, containing all the important information necessary to the credit decision.

The credit department has an obligation to the sales management to inform him briefly as to the decision which has been made as a result of the credit call. This should be done by letter as soon after the call has been made as is convenient.

The customer will appreciate a friendly "thank you" letter from the credit man. This note need not be long, just a few words to let the customer know that the credit man was glad to have had the opportunity of visiting with him and that the time spent together was helpful. In this letter, any specific arrangements made during the call can be repeated for record purposes.

When customer visits in our office

Quite often the customer visits at the credit man's office. These

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The factor at work
(part II)

by RAYMOND V. McNALLY
C. A. Auffmordt & Company, New York

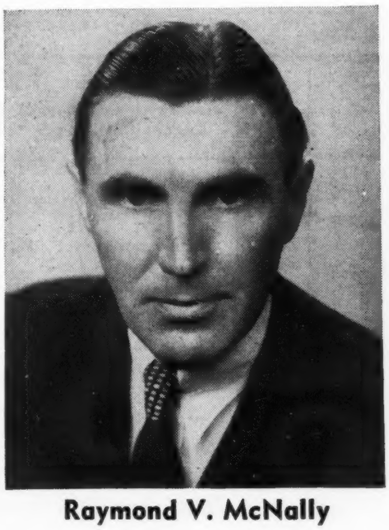
(In the March issue of Credit and Financial Management *the author described the relationship between a factor and his client, the form of contract into which they enter and the routine of the factoring operation.)*

The factor accounts to the client

SHORTLY after the end of each month the client is rendered an account-sales statement covering that month's transactions. This statement, prepared by the account-sales department, shows a tabulation of all his sales, credits and changes of terms arranged by terms, discounts or in any form he desires. This consists of two sheets. One is called a "work sheet" (Exhibit D) which shows daily sales and offsets, and the other (Exhibit E) is a summary of these items with the customers' discounts (if any) deducted together with the commission charged by the factor, any extra expenses incurred by the factor for the client, the average due date of the receivables plus ten days to cover collection time, and the net amount to be credited to the client's account.

This net amount appears in the account-current which is rendered the client semi-annually, although an extract of it may be had each month on request. In this account (Exhibit F) are recorded the net sales shown in Exhibit E and also the balance from the previous month; all advances made against these sales, and the interest charged the client.

Interest is charged from the end of the month—in this case, December 31—to the due date as per account-sales—in this case, January 28. The client, however, may earn back this interest ($67.02) if he does not withdraw his balance before January 28. Interest is also charged from the date of withdrawals to December 23, which is the average due date of the previous month's sales. In the example given, this amounts to $106.83, and adding it to $67.02 (the interest on the net sales at December 31) the total interest due from the client is $173.85. But since he was credited with $202.21 at December 1, representing the interest he would have earned back on his November sales had he withdrawn none of his credit balance before December 23, a credit of $28.36 is due him as per the example. The balance to his credit at December 31 is carried forward to January 1 and amounts to $15,-138.75, but the reader can see that it is shown separated into two amounts. The balance of $777.31 represents the residue from the November 30th balance not withdrawn plus the interest balance of $28.36 and is shown separately so that interest will not be paid on a credit balance existing beyond the due date.



Raymond V. McNally

Other arrangements

While the foregoing describes an average factor-client relationship, occasions arise when a client requires funds in excess of his sales, and in such cases the factor may permit overdrafts or may lend him money on his note. In this event, the account-current might show a debit rather than a credit balance at the end of the month.

This would also be the case if the factor made loans to the client on his merchandise inventory. Some enterprises must accumulate inventory far in advance of their active selling season, and it is perfectly normal for them to require additional working funds; others may wish to buy in large quantities to earn generous discounts; and still others may be forced to seek more funds in order to bridge an unusually slack season. Such loans of course depend on the client's financial condition, on the character of the goods, on market conditions, and on the reason for the borrowing. If the factor decides to accommodate the client, advances might range from 50 to 80 per cent of the value of the goods; but a somewhat

	(1)					
John Doe						December 1950
		N/10 EOM Dec	N/10 EOM Jan	Net 30		
	SALES					
11-30	Sales on sheet # 235	495.46				
12-4	" " " # 236	440.62				
6	" " " # 237	392.97				
7	" " " # 238	437.38				
8	" " " # 239	1,074.13				
11	" " " # 240	514.39				
12	" " " # 241	5,244.49				
15.	" " " # 242	923.30	152.88			
14	" " " # 243	583.11				
18.	" " " # 244	411.48	313.37			
19	" " " # 245	206.23		206.25		
20	" " " # 245	61.25	1,182.95			
21	" " " # 246	16.83	159.58			
22	" " " # 247	48.12	83.15			
28	" " " # 248		711.76			
29	" " " # 249		564.14	220.00		
30.	" " " # 250		486.42			
		10,354.76	3,654.25	426.25		
	CORRECTIONS N/10 EOM Sept	N/10 EOM Oct	N/10 EOM Nov	N/10 EOM Dec	Net 30	Net Net
	1.44	4.11	107.91	56.84	218.21	3.05
		INTEREST ON CHANGES OF TERMS				
11-29	Emma Wakefield	83.66	N/10 EOM 12/1 to N/10 EOM 1/1 (31 days)			.43

Exhibit D

different arrangement must be effected between them.

Merchandise Advances

The contract, which in all other respects would be similar to the example given in the March issue (p. 7), might include such clauses as these:

A. To make advances to you from time to time at your request on the terms and security as hereinafter provided for, up to 50% of the net value of your stock of goods and merchandise as fixed by us, consisting of yarns, braids, tapes or cords made of cotton or rayon or nylon or mixture thereof, in process of manufacture or finished production, located at finishers, dyers or processors selected by you, provided said processors and finishers and dyers shall have signed and delivered to us their agreement in writing in form satisfactory to us, to hold such goods and merchandise for our account and as our agents and subject to our general lien upon the same next after their lien for their charges in processing or finishing such goods or merchandise.

B. That all your merchandise now on hand or hereafter to be acquired by you during the existence of this agreement, as well as merchandise returned and/or rejected by purchasers has been and is hereby pledged to us as security for our advances heretofore made and hereafter to be made and for all other indebtedness now owing or hereafter to become due and owing to us, that there are no other liens upon or claims against said merchandise known to you and that we have a continuing general first lien upon such merchandise for such advances and indebtedness, whether in our constructive, actual or exclusive occupancy or possession or not.

C. To perfect and maintain said lien, we shall have the right to place and maintain such signs on the premises where the merchandise is stored or located as we deem necessary, to have access to said premises at all times as a matter of right, to have the merchandise in the actual physical custody and possession of one or more representatives, and to take such further steps at any time and as often as we may deem necessary to secure and keep possession of the merchandise and/or the validity of our general lien thereof, under any statute or otherwise, provided, however, that we shall under no circumstances be responsible for the safekeeping of such merchandise. We shall have the right at all times to examine your records and books of account.

D. That as further security for such advances and indebtedness, all the accounts receivable or other proceeds resulting from the sale or other disposition of such merchandise, whether now existing or hereafter arising, are assigned to and payable to us only, and a printed statement to that effect shall be made, in form satisfactory to us, upon each and every invoice or bill rendered to purchasers of such merchandise.

E. That you will at all times keep the stock advanced upon insured against fire, burglary and sprinkler leakage or other risk when necessary in companies and amounts and under policies approved by us. Insurance is to be taken out at your expense, the loss to be payable to ourselves, and the policies to be delivered to and retained by us.

F. That during the existence of this agreement you will not, without our consent in writing, consign or pledge or create any lien upon any merchandise manufactured or owned or acquired by you, and you will not assign any accounts receivable resulting from the sale thereof, to or in favor of any person, firm or corporation other than ourselves.

G. Notwithstanding the security provisions of this agreement, you re-

C. A. AUFFMORDT & CO. 468 Fourth Avenue New York 16, N. Y.	ACCOUNT SALES FOR JOHN DOE & CO., INC. RICHMOND, VA.	
Sales and Corrections made in December 1950.		
Sales as per records:		14,935.26
Corrections as per records:		388.51
		14,546.75
	Less 1-1/4% Commission etc.	181.83
		14,364.92
Allowances for P. P. Express etc.	3.05	
Interest on changes of Terms:	.43	3.48
	Due January 28th, 1951	$14,361.44
		E. E.
	New York December 31st, 1950	

Exhibit E

main at all times liable for the repayment of our advances and other indebtedness until the same be fully paid and discharged, and you hereby waive any provision of law requiring sale at public auction for the enforcement of our lien and agree that in such case, the merchandise may be sold at either public or private sale in our discretion and in case of public sale we shall have the right to become a purchaser at such sale.

One more step

When this agreement has been executed, the factor takes one more step to protect his security. He files the lien with the public authorities in accordance with statutory requirements. This, together with seeing that the signs required by Section 45 of the Personal Property Law are properly erected and maintained, is for the purpose of putting other creditors of the debtor on notice that the merchandise is not available for payment of his general obligations. The factor may also go so far as to require the personal guarantees of the officers and owners of the client to insure continued cooperation in the event it becomes necessary to liquidate the pledged inventory.

Then before the funds are advanced, the client must furnish the factor with a complete schedule of his entire inventory to be pledged. Additional schedules must also be given the factor as new goods are purchased, and a consignment form is provided for this purpose.

The factor of course maintains complete records of his own as to types of goods, units, cost prices and current values; and these values are fixed by himself. Moreover, the client must submit weekly reports of all withdrawals from the raw material stock that are put into process, and these are in the form of signed receipts.

As the finished goods are shipped to customers, the factor's collateral is correspondingly reduced; and he must make certain that the unpaid balance of the inventory loan does not exceed the agreed percentage of the remaining inventory. Consequently, he must constantly adjust his records to conform with the client's weekly reports.

For example - - -

But usually the factor expects the merchandise advances to be repaid out of the accounts receivable created by the sale of the inventory. At the same time, the client may not be able to cover all of his current operating expenses unless he also receives advances on his assigned receivables. Let us assume, therefore, that he assigns receivables amounting to $27,000; that the goods consumed in creating them amount to $18,000; and that the factor agreed, as in the contract example given, to advance 50% of the value of these goods before they were shipped. If the factor is willing to advance 80% against the accounts receivable, or $21,600, then $9,000 of this would be applied to the loan which had already been made on the unsold merchandise, and the client would receive $12,600 as an advance against the receivables. In this way the loan and collateral value would be progressively reduced unless the client increased his inventory by new purchases and acquired additional advances.

NAME

IN ACCOUNT CURRENT WITH C. A. AUFFMORDT & CO.
468 FOURTH AVENUE
NEW YORK 16, N. Y.

DATE 1950.	DESCRIPTION	INTEREST DAYS	INTEREST AMOUNT	DEBIT	DATE 1950.	DESCRIPTION	INTEREST DAYS	INTEREST AMOUNT	CREDIT
Dec. 8	Check	15	75.00	30,000.00	Dec. 1	Balance to 12/23	23	202.21	52,749.89
" 12	" wire Wachovia	11	18.33	10,000.00	" 31	Account Sales 1/28	28	67.02	14,361.44
" 13	" "			5,500.00	" 31	Interest 6%			28.36
" 13	Wire Charges 12/12	10	9.17	.94					
" 19	Check	4	4.33	6,500.00					
" 31	Interest on A/C Sales		67.02						
" 31	Balance of Interest		28.36						
" 31	Balance			15,128.75					
			202.21	67,139.69				202.21	67,139.69
					1951. Jan. 1	Balance			777.31
					" 1	" to 1/28			14,361.44

Exhibit F

During this period of advances against merchandise, the account-current rendered the client might appear radically different from the example offered in Exhibit F and would probably shape up as in Exhibit G. Here we observe a debit balance instead of a credit balance. Interest is calculated from the dates of withdrawals to the end of the month, or what is regarded as the terminal date, at which time the total monthly net sales are credited. Interest is also charged on these sales from the terminal date to the average due date—in this case, January 22. The amount owing the factor is $42,768.48, but in carrying it forward to the first of the month, the interest is split off and shown separately so interest will not be compounded. Naturally, as the client moves into his season and his sales increase, this debit balance will be steadily reduced until a credit balance appears.

Though the foregoing is no more

(Continued on page 25)

NAME Robert Roe Mills, Inc. , Malden, Massachusetts

IN ACCOUNT CURRENT WITH C. A. AUFFMORDT & CO.
468 FOURTH AVENUE
NEW YORK 16, N. Y.

DATE 1950.	DESCRIPTION	INTEREST DAYS	INTEREST AMOUNT	DEBIT	DATE 1950.	DESCRIPTION	INTEREST DAYS	INTEREST AMOUNT	CREDIT
Dec. 1	Balance 11/30	31	75.13	14,541 69	Dec. 31	Account Sales 1/22	22	55.12	15.029.79
" 4	Check	27	27.00	6,000.00	" 31	Balance of Interest		256.58	
" 7	"	24	4.00	1,000.00	" 31	Balance			42,768.48
" 8	"	23	3.83	1,000.00					
" 11	"	20	61.67	18,500.00					
" 14	"	17	11.33	4,000.00					
" 21	"	10	17.50	10,500.00					
" 28	"	3	1.00	2,000.00					
" 31	Interest on A/C Sales		55 12						
" 31	Interest 6%			256.58					
			256 58	57,798.27				256.58	57,798.27
1951. Jan. 1	Balance 12/31			42,511.90					
" 1	Interest			256 58					

Exhibit G

Clinical Thermometer for Business:

THE OPERATING FORECAST

By ALFRED A. WESTERN
Credit Manager, Marshall-Wells Co., Seattle

THE relationship between credit and financial management is more than the title of a magazine, for they are the closely integrated elements of every business that can mean its success or failure, with the condition of one showing up in the health of the other. There could arise here, of course, the old question of which comes first, the chicken or the egg, but I don't believe I'll be putting myself out on too untenable a limb when I hold that a firm which has a sound financial management program has few credit problems.

At least we at Marshall-Wells have found that to be true, and I can only apply the fact of excellent credit relations with our dealers as the yardstick for measuring success of the financial management program which is directly dependent upon what we call an Operating Forecast. This plan is of immeasurable value not only to the retailer, but to my company also as the wholesaler, and it is from the viewpoint of the latter that I am writing.

Dealers must participate

We can't do business with a padlocked retail outlet, and thus we have a distinct interest in keeping our dealers operating at a profit. If they win, we win; if they lose, we lose. Wholesaler-retailer relationships are as simple as that, and the wholesaler should recognize the fact he is not independent economically. For that reason, Marshall-Wells insists that its franchised dealers participate in an Operating Forecast and a management program that assures both of us of winning.

Although our particular plan is fashioned for franchised dealers, it might well be adapted by wholesalers for general use with retailers who are willing to join in it. Some retailers, admittedly, may show reluctance in letting a wholesaler in on the secrets of his business in order that a workable program may be set up, but once that reluctance is overcome and co - operation achieved, both parties will gain. The small business houses which have no adequate forecasting and financial management program are lamentably numerous, and there might well be a direct connection between that fact and business failure.

The author started his career as a salesman and claims that that background has been invaluable to him ever since. After six years in the paint business he joined his present company as assistant credit manager at the Portland branch. When the Seattle office was opened on January 1, 1949, he was transferred there to take charge of the credit department.

What the plan accomplishes

So much for generalities. Now for specific details on how our Operating Forecast for the retailer operates. It is, in short, a plan that does five things:

1—Provides the retailer with an operating budget for the next six-month period;

2—Forecasts his sales for the coming six months;

3—Sets up stock to take care of that volume;

4—Provides a current picture of his merchandise position in regard to sales and inventory;

5—Furnishes a true picture of his expenses, cash position, accounts receivable and payable, and gross and net profits.

We are often told that cancer may be cured if it is detected soon enough, and any program which keeps the foregoing facts in front of a retailer's eyes every day permits him to be the "doctor" for his own business before any fatal "cancer" sets in. I look upon our Operating Forecast as a clinical thermometer for business. With the information it provides, a retailer can view the patient, his business, and tell the state of its health at any time. To be of any value, this information must be available instantly and utilized every month, not every twelve months—for the end of the year may be too late, the "patient" may be dead by then. And the grave of more than one business is adorned by a headstone which might well carry an epitaph such as this: "If I had only known."

A miniature corporate plan

A retailer who has the financial facts of his business constantly at hand does not have to worry about

Head of the Bourbon Family

UNDER SUPERVISION OF U. S. GOVERNMENT
BOTTLED IN BOND

100 PROOF

In Old Grand-Dad—nature's bounty plus the skill and experience of master distillers have been combined to produce as fine a Kentucky bourbon as ever passed a man's lips. Add to this the silent sleeping years that Old Grand-Dad matures in new, charred white oak casks, and you have the true reason why this famous bourbon has long been "Head of the Bourbon Family."

The Old Grand-Dad Distillery Co., Frankfort, Kentucky

OLD GRAND-DAD

KENTUCKY STRAIGHT BOURBON WHISKEY

what to do until the doctor comes—he always is in the house. Coupled with this fact is the knowledge that we, as his wholesaler, are also fully aware of his business position and just as eager to assist him in remedying minor ills before they grow serious.

Rare indeed is the large corporation which operates without forecast provisions in its financial management program, and our miniature corporate plan is tailored to fit the retailer merchandiser just as suitably. It is agreed upon in advance by our franchised dealers and is, in fact, one of the contingents to which they must agree before joining with us. Our salesmen work closely with the dealer in setting up the Operating Forecast for the next six-month period, setting up the stock picture to take care of the expected volume of sales. In addition to that, the costs of doing business for the ensuing half-year are predicted and set down so that the retailer may anticipate a satisfactory profit. The summary of current cash and accounts receivable and payable are prepared by the retailer and show on the Forecast statement.

Deviations will happen

There are occasions, of course, when a retailer may deviate from the course he has outlined for the next six months. Perhaps his sales volume is proving to be greater than he anticipated. If so, then the stock situation is brought up to a point where the danger of the retailer selling himself out of business is avoided. Or perhaps sales drop to the point where his merchandise orders must be trimmed so that he doesn't buy himself out of business. Both are equally hazardous trends and either can be detected immediately under our business forecast plan. Neither trend will show up definitely in one month, or even two, but by the time the third month comes around, trends are easily determined from facts on the monthly report sheets, an integral feature of the Operating Forecast, which come to us from the retailer.

As credit manager, these reports come to me first. I check them for mechanical errors and then study them closely to determine how well the Operating Forecast is proving itself and whether any faults in the retailer's operation are showing up. The reports then go to the sales manager who studies the retailer's stock position in relation to sales volume and decides whether the inventory needs any adjustment to meet the current situation as revealed by the reports.

Give a true picture

These monthly reports give my company a true picture of the financial and merchandising position of every franchised dealer, and from them we can easily determine his credit standing. As I said at the outset, financial management and credit interlock, and the latter offers few problems if the former element is sound. The chief value of our Operating Forecasts lies in the fact that they themselves constitute a sound financial management program, containing all the facts necessary for conducting a business properly. That these six-month forecasts, which amount to nothing more than a *planned* way of doing business, must be adhered to is obvious. At the same time, however, they are flexible enough to permit a deviation when a retailer's sales position demands a change in some detail.

In such cases, and they are relatively few among our dealers, the habit of adhering to the Forecast is so ingrained that when a retailer wishes to deviate from it he calls on us for counsel, or for help in remedying the situation so that no change in the program is necessary. For example, there is the case of the retailer who believed he should buy a new delivery truck. His forecast of expenditures for the immediate future did not allow for such an outlay of money, however, and he called on us for help in deciding whether he was justified in departing from his program to the point of making the purchase.

We took a look at his sales volume, financial position and the repair bills on the old truck, and decided a new truck was a justifiable and worthwhile investment.

Advertising

Similarly, it often happens that when a retailer strikes a quiet month he wants to cut down on his expenditures, which would mean a departure from his Operating Forecast. As his first move he usually wants to reduce his advertising outlay, although just why this is so always will escape me.

We discourage him in such a move on the belief that usually the time to advertise most is when business is slumping in order that the retailer may keep his name before the public and encourage all the patronage he can. We believe that two per cent of the gross sales volume is a good figure to set aside for advertising, with any reduction from that amount a poor economy if business is dull. The advertising budget of a retailer is an important item of his financial management program and the wholesaler can do him a favor by seeing that it is as closely followed as possible.

How much should owner withdraw?

Another point to be watched in a management program with a retailer who owns his own business is the amount of money he withholds each month as his salary. Our Operating Forecast calls for entering a fixed salary as an expense, which means both he and we know what is going to be taken out every month. Should this figure be increased materially at any time, we call in the retailer for a heart-to-heart talk on whether his business can afford him a higher salary. Perhaps it can, but on the other hand, the owner may be looting his own business unknowingly, or for unsound business reasons that will come to light in the conference. His credit position may be jeopardized at this point, if he isn't careful, and his entire business placed on a hazardous basis. If necessary, we clamp down here and insist upon adherence to the Operating Forecast which specified the amount the retailer was to draw as salary. This insistence, we have learned from long experience, comes to be appreciated by the dealer.

Onus is on salesmen

So far as the burden of preparing the Operating Forecast is concerned, much of it falls upon our salesmen. By calling, as they do, on all our dealers two and three times a month, they become acquainted with problems of the retailers and have proven to be excellent trouble-shooters when the need arises. The dealers turn to them for advice, just as we

in the credit office rely on them for reports on conditions with the individual retailers.

Should salesmen collect?

The question of whether salesmen should do the collecting might well be discussed here. In my company, even the general salesmen, those calling on the general retailer, do so. We call it "assisting the credit department." I might ask: who better can collect than the salesman? Generally, he knows the retailer better than does any other person in our organization and thus is in a better position to effect the collection.

A delinquent general account often buys from our competitors, and when he has worn out his welcome there he comes back to us as a greater credit problem than ever. The first aim of a salesman is to sell, to keep on selling, and his best prospect is the account that is paid up and in a healthy credit position. A salesman's second interest thus should be in keeping his client's credit position acceptable by aiding in collections. This collection-by-salesmen is a controversial one and cannot be adequately resolved in a few sentences, but at least you have the sentiments of my company on it.

Every retailer needs a forecast

For the most part, the enviable position in which our dealers find themselves from a credit standpoint is due to the sound financial management program tied in with the Operating Forecast and it is my opinion that every retail establishment should make provisions for a forecast plan in order to relate the merchandise position to anticipated business volume and expenditures to sales. Obviously enough, such a program should include a monthly statement of accounts payable and receivable, cash, the expenditure budget, and profit and loss position.

It seems to me it is largely up to the wholesalers to foster such a program, to take the initiative in seeing it is established. The tie between wholesaler and retailer is just as close as the bond between credit and financial management and I believe it is good business to see that the retailer does better business in a businesslike way. To my mind, an Operating Forecast amounts to "a plan for continued success."

The Three M's of Today's Credits

by BERT H. DAVIS
Treasurer, Charles Millar & Son Co., Utica, N. Y.

UNLESS or until the national emergency may become full-scale war, we are in a mixed economy which can injure our customers in terms of three M's—manpower, materials and money.

Our company has examined an apparently worsening situation from the standpoint of its function as a distributor of plumbing and heating supplies and equipment to contractors and of steel, heavy hardware, plant equipment and supplies to industrial consumers in seven Northeastern States. We operate through four branch houses in three States.

As to *manpower*: Building up a military force of some 3½ million does not seem at first glance to affect the manpower of many of the concerns to which we sell. Yet in individual cases the loss has been serious. A village of 5,000 in New England gave up 70 men in the calling up of one National Guard unit—and fully a dozen in the 70 were key persons in organizations our Company serves. A contractor in his 50's, not in good health, must give up two sons who were preparing to take over the active conduct of his small but strongly established business.

As defense orders increase, the plants will call more men and women of a variety of ages from the contracting field and from plants which do not have such contracts. When the bookkeeper of a small business leaves for a job at a bench or in the military contractor's payroll department, the collections of the former employer may suffer and the payment of his bills is delayed.

Credit people in co-operation with sales representatives should be alert to such shifts in personnel. Often our fraternity can give advice at such times. In past instances, some of our number helped find substitute workers or, in a limited number of cases, brought together two somewhat depleted organizations to form new and successful partnerships.

Risks as to materials

In the matter of *materials,* the

risks are greater and more widespread.

Lack of some materials will disrupt factory production and upset the operation of service businesses. It is dangerously simple to advise, "If you can't obtain copper or aluminum, turn to steel"—since steel itself is in short supply. We should bear in mind that to produce in steel what was formerly produced in copper might require four to six times the tonnage needed in the non-ferrous metal. Also, manufacturing processes may make such substitutions unduly expensive. The consumer resists substitutions as well, especially when the manufacturing cost remains as a high percentage of the final cost of the product and the dollar saving in substituted metals—in view of the different tonnage required—is negligible or absent.

Only a wider distribution than can be safely predicted of defense contracts and sub-contracts will keep numerous industries of work and making fair profits.

The contractor risks the tieing up of receivables when he cannot complete contracts. Of course, in the construction field, credit departments have long since counseled those who will listen to advice to apply a partial payments formula to all work that is likely to extend over a period of weeks or months. The terms of bid and contract should require monthly payments based on 90 per cent or more of the value of material delivered and work performed. Otherwise, the contractor can encounter a payment of $10,000 held up for the lack of $5 worth of scarce materials. Exactly such a situation faced one of our customers in 1946. Fortunately, the main office was told why a promised payment to us was being delayed, and our organization went to work to secure the missing items, although they were completely outside our usual range of merchandise. Two hours from the time the information was relayed, a special delivery package was on the way to the worried contractor—and his account was fully paid within the next few days.

An unadjusted inventory may prove perilous. When copper tubing is hard to get, is the customer overstocked on copper sweat fittings and valves, which cannot be installed without the piping? Is the customer keeping his stock of nails lined up with the lumber he can obtain, his inventory of bolts and cap screws in keeping with the metal he can secure? Sales and credit forces should work together to help a buyer analyze his stock and plan his buying, so that he can use what he buys and not have to store large quantities for a sunnier day. The principle extends to the builder of complicated machinery and appliances, who may readily accumulate more than he can digest in products which may not be sold and shipped until the last bolts and covers and trimmings are supplied. Shortages of motors endangered many a producer during the last war.

Will their money hold out?

Money presents still further problems. Bank policies for loans may become stiffer. An effect is to throw a greater strain on the organization which is giving a line of credit to otherwise healthy businesses which have lost some of their short-term capital resources. Credit people must try to walk the chalk-line between (a) restricting the customer to an extent where he suffers preventable

losses and (b) becoming a non-voting and involuntary stockholder in his business for lengthy periods. The factors previously reviewed will need to be considered in each customer's case.

The tax burden rises also in this mixed economy which is neither peace nor war. The tax collector is always first in line, before the merchandise creditor.

When your customers sell direct to the United States Government, or deal frequently with those who secure the bulk of their income from that source, we must remember that numerous risks surround doing business with "a customer whose credit is beyond question." Government checks may be delayed, particularly if the contractor is shipping to considerable distances or furnishes a somewhat new or complicated product. Even the most favorable of contract arrangements does not fully protect against losses that may be sustained in turning out an unfamiliar type of merchandise. The larger deals are subject to renegotiation. Orders may be cancelled or revised, with consequent costs to the contractor who has made a good start on his new forms of production.

Pitfalls must be analyzed

Probably the smaller and less experienced concerns should seek to become sub-contractors rather than prime contractors. But even then, their account with the prime contractor may be considerably delayed; the fact that the debtor has "a contract with the Defense Department" does not insure prompt pay or even ultimate solvency.

Much of what we and our customers and the banks serving us have done will be "controlled"—and presumably for a considerable period. We need to be alert to both the dangers and the opportunities in this changed era. By good analysis, by knowledge of possible pitfalls, by counsel on the preventable risks, by using experience acquired in one situation to help avoid others like it, we of the credit fraternity will render a valuable service in the time of emergency. These are our obligations at a time when the public is likely to say to some of us, "It must be a snap to be passing on credits when there's so much money around!"

What You Can Do As a Creditor

Bulk Sales.

—You can sue your debtor, who has sold his stock in trade without complying with the requirements of the Bulk Sales Act (co-operating with purchaser in notifying creditors of the sale, etc.) and attach the goods in the hands of the purchaser of the business.

—You can, however, waive the right to the benefits of the BSA (Bulk Sales Act) by doing something inconsistent. For example:

In some states (Indiana, Iowa, Texas) if you take a note from your debtor, after you know he has sold his stock in trade in violation of the BSA you may waive the right to set aside the sale or attach the stock in the purchaser's hands.

If you expressly assent to a sale you undoubtedly waive the benefits under the BSA, especially if you fail to take action within a reasonably short time after the sale.

The mere fact, however, that you attempt first to collect the account from your debtor, who has sold his business without complying with the BSA, does not constitute a waiver.

If you happen to tell the purchaser of the business that your debtor does not owe you anything (even though you were mistaken) you are estopped later from asserting the remedies against the goods in the purchaser's hands provided for in the BSA.

Bankruptcy.

—You can, if you hold a *secured claim* against a bankrupt, prove your claim as an unsecured one and surrender your security, or you may prove your claim as a secured one giving credit thereon for the value of the security and share in the assets as an unsecured creditor as to the balance, or you may not file a claim at all and rely solely on the lien (though in the latter case leave should be obtained from the Bankrupcy Court to foreclose by the ordinary methods, either under the power of sale or in some other court).

—Carl B. Everberg

LETTERS TO THE EDITOR

More on letters

Rochester, N. Y.

As an old time Credit Manager, I read with considerable interest the result of your Letter Contest on Page 14 of your January issue and, having been interested in letter writing for many years (and, by the way, I still am) I thought you might be interested in the viewpoint of an old timer whose experience in Credit & Collection work goes back to 1913, when he first took a job with this company in its Credit Department.

The winning letters, as printed by you, are certainly very interesting and are without doubt a great improvement over the average letter of this type that was written approximately 40 years ago. Still in all, I am nevertheless somewhat surprised at the tendency of correspondents to use, shall we say, uncommon words.

It is said that all of us are the product of our heritage, environment and habits and this apparently applies to letter writing as well as it does to everything else. However, it seems to me that the good student of letter writing should practice to avoid the habits which he has inherited or learned through association down through the years but which are not in accord with modern views on the correct use of English in letter writing.

There is, of course, the school of thought on letter writing that says "No matter how bad your English construction or word choice may be as long as the person at the other end who receives the letter understands it and is not hurt or offended by it and complies with its request, if any, then it must be a good letter." However, such letters can hardly be called examples of letter writing as an art.

Anyway, the thing that interests me the most about these four winning letters is the fact that with the exception of the letter that won third place, they all seem to be written so much from the "We" attitude. Or perhaps I should say "Our." It is expressed in "we want" and "we would" and "we hope" or "we take." I think the letter that won third place has more of the "you" attitude in it than any of the four and I don't want any one of the contestants to feel that there is anything personal in these remarks. Putting myself in the customer's place, I think I would enjoy receiving that letter more than any of the other three.

However, "everyone to their own choice" said the woman who kissed a cow. And, I am perfectly frank to tell you right now that although the rules of the contest made writing a letter necessary, if we had such a customer, and the circumstances occurred as related, we would have had our gruff and crotchety brother on the long distance phone long before his account became 60 days past due and would have had a frank and friendly understanding with him. Then, depending upon the circumstances, we could dismiss the matter from our minds and not worry about it any more.

By and large, however, I see the letter writers of today making the same mistake that I made years ago when I started, namely, using the words that had the most syllables instead of the ones that had the least. I think word choice is of far greater importance than sentence construction and I would recommend Lincoln's Gettysburg Address from the standpoint of using small, common words instead of the big ones.

Thanks for your patience.

Harold H. Kase,
Taylor Instrument Companies

The Commercial Credit Company, 14 Light Street, Baltimore 2, Maryland, has prepared a resume of state laws relating to filing and recording of retail installment sales contracts in the United States.

Tabulated on one 29 x 22 sheet the resume is available without charge on request of any office of the company

The Salesman Looks at the Credit Man

By GEO. A. KIEPE
Los Angeles, Calif.

IN our small brokerage business —representing five nationally known and successful candy manufacturers, we have four salesmen. We also have three promotional men, employed by one of our factories, who do detail work—calling on retailers, helping us to promote additional business, and quite often uncovering new potential customers. In addition, we employ two secretaries.

Our men call on approximately 700 active and prospective accounts, all in the state of California and Nevada, and we also have a number of military and export customers.

I myself have had considerable experience with credit men in my nearly 25 years in the brokerage business in California, or—putting it more correctly—in representing candy manufacturers. And previous to that I worked for 18 years as a jobber's salesman in the New York area. Therefore, what I will have to say here is said strictly as a salesman and a sales manager, and so the observations I have taken are from that point of view.

What is the difference?

CREDIT executives, salesmen, and sales managers not only have a great deal in common but their interests are identical for the success of their respective companies and for the business economy of the country—and, I might add, for the world and the free enterprise system in general. If our customers are successful, we are successful. By the same token, if they are not, we are not. This is true, particularly now in this Age of Selling, and probably will be for a long time in the future.

But what is holding this closer cooperation between salesmen and credit departments apart? And how can the relationship be improved?

FIRST, let us take up this matter of *detail work*. As we all know, the bane of a salesman's life is the writing up of lengthy reports. Some of these requirements can be so detailed that it not only takes time away from selling but it also makes a salesman look as if he were prying into the private life of the prospective customer.

It is true that financial reports, credit references and certain pertinent information are necessary. But when new customer reports are too long, they not only wear out the customer's patience but embarrass the salesman as well. Very often actual harm is done, and in trying to open up a new, apparently worthwhile account—particularly one that other manufacturers have already been selling—not only is the sale lost but a customer, who should long have been on the books, shies away from doing business with a house because of the salesman's insistence on too many details.

All that we expect our credit departments and their respective credit managers to do in this phase of getting new customers is *that they do not burden us with lengthy forms* and reports that take too much time away from selling and/or keep our salesmen up half the night when they should be resting from the day's work, and working them over the week-ends, when they should be engaged in recreation to prepare them for doing a good job in the week ahead.

Why the long forms?

I cannot emphasize too strongly this matter of *simplified credit forms*.

I have several lengthy credit department reports such as credit man-

NEW CUSTOMER CREDIT INFORMATION

Customer's Name ....

Business Name ....

Address ....

Wholesaler — Retailer — Vender

(Circle one)

How Long in Business ....

References:

Bank ....

Supplier ....

Supplier ....

Supplier ....

Remarks or Recommendations ....

....

....

(signed) ....
Salesman

PAR CLEARANCE SCORE SHEET

("Member" indicates member of the Federal Reserve System)

Date	Total Banks	ON PAR LIST Total	Member	Non-Member	Not On Par List
Dec. 31, 1942	14,123	11,413	6,670	4,743	2,710
Dec. 31, 1943	14,021	11,492	6,729	4,763	2,529
Dec. 31, 1944	13,989	11,544	6,806	4,738	2,445
Dec. 31, 1945	14,002	11,869	6,877	4,992	2,133
Dec. 31, 1946	14,043	11,957	6,894	5,063	2,086
Dec. 31, 1947	14,078	12,037	6,917	5,120	2,041
Dec. 31, 1948	14,072	12,061	6,912	5,149	2,011
Dec. 31, 1949	14,051	12,178	6,887	5,291	1,873
Dec. 31, 1950	14,015	12,162	6,868	5,294	1,853

On December 31, 1950, all banks in the District of Columbia and the following 29 states were on the Federal Reserve Par List:

Arizona	Maryland	Ohio
California	Massachusetts	Oregon
Colorado	Michigan	Pennsylvania
Connecticut	Montana	Rhode Island
Delaware	Nebraska	Utah
Idaho	Nevada	Vermont
Indiana	New Hampshire	Washington
Iowa	New Jersey	Wisconsin
Kentucky	New Mexico	Wyoming
Maine	New York	

In the other 19 states the members of non-par and par banks were as follows:

State	Non-Par Banks	%	Par Banks	State	Non-Par Banks	%	Par Banks
West Virginia	1	0.55	179	Tennessee	91	30.84	204
Illinois	2	0.22	886	Alabama	96	42.66	129
Kansas	2	0.32	610	*South Dakota	98	57.98	71
Virginia	5	1.59	308	Louisiana	104	63.03	61
Oklahoma	8	2.08	376	North Carolina	113	54.32	95
Texas	55	6.07	850	Arkansas	123	53.01	109
Florida	61	31.93	130	Mississippi	161	80.09	40
Missouri	65	10.92	530	Georgia	284	71.53	113
South Carolina	84	56.75	64	Minnesota	413	60.91	265
North Dakota	87	58.00	63				

* All items $10 and under payable at par

agers ask our salesmen to fill out on opening new accounts. Suffice it to say our men become weary and rebellious. But imagine our surprise, when, one day, we received a bulletin from one of our credit departments which read as follows:

"HEADLINE NEWS"

"CREDIT DEPARTMENT MAKES CHANGE TO RELIEVE OVERWORKED SALESMEN.

"REVISES, REDUCES, AND SIMPLIFIES FORM FOR REPORTING CREDIT INFORMATION ON NEW CUSTOMERS.

"Attach a pad of the new forms to your order books and fill in information at the time you write the first order for a new customer. Send it with the order and SEE HOW MUCH FASTER YOUR ORDER WILL BE O.K.'D. (if you furnish the complete information.)"

This new customer report now reads something like the one shown.

AMONG other points which I wish to call to your attention is the one having to do with *aggravating letters.*

It was brought up at one of our Candy Club meetings that there are still some credit managers—some sales managers, too—who write nasty letters. We think it should be a rule that if things come to a pass where a nice letter cannot be written, the salesman should be fired or the customer dropped.

Then there is the matter of *slow paying customers.*

There are a number of accounts which are becoming "slow pay" because of over-expansion during the milk-and-honey days. There are also some who are taking unearned discounts, because they are doing more business than their capital will allow. A nice letter offering the credit manager's business counsel may save these concerns for posterity as good customers.

I HAVE three suggestions specifically for the benefit of credit managers. First, they should issue "educational" bulletins to their salesmen. I don't like the word "education" in this sense, for education is what comes out, not what goes in, so I use the term advisedly. But what I mean here is that credit managers should take pains to explain in detail to their salesmen their credit sales policies, their reasons, their wherefores and whys.

Furthermore, the salesman should be consulted on the preparation of new policies. Too frequently the salesman has no participation in policy formation, and doesn't learn about a new policy which affects him until the policy is announced. No matter how necessary the policy may be, if it hampers his own operations, he resents it.

Last, but not least of these, my present observations and suggestions, is that credit managers should spend some time in the field, contacting customers with salesmen, advising and counselling them on matters pertaining to credits and finance.

CREDIT executives and sales managers have a lot in common, and I am sure that if their respective companies do well in the next two or three years, it will be the result of salesmen and credit men working more closely together than ever before.

Rukeyser Heard in Chicago

Chicago: Merryle Stanley Rukeyser, economic commentator for the International News Service, addressed the Chicago Association of Credit Men March 14 on the outlook for 1951. Mr. Rukeyser was one of the featured speakers at the Cleveland convention in 1948 and will speak at the 55th annual Credit Congress in Boston, Mass., May 13-17.

Cash Discounts

(*Continued from page 8*)

turns it the customer may retaliate by withholding payment until long after its net due date. So the creditor retains the check and the customer retains the discount.

Should checks be returned? This

question is not subject to a categorical answer. The creditor wants to collect the financing charge when he is entitled to it, and he wants to "get along with" his customer. How best to achieve these two objectives will require all the creditor's tact. Whether, or not, to return a customer's check will depend on such questions as the amount involved, the customer's credit standing and particularly the relation between creditor and customer. Only the credit manager who is the one most conversant with all the points involved can make the right decision.

Fires with individual losses of over one-quarter million dollars were responsible for 20% of the total fire losses in 1950 according to the Quarterly of the National Fire Protection Association. These large fires accounted for only ½ of 1% of the total number of fires but represented losses of $152,593,000. The number of these large fires increased by 12% over the 1949 figure but caused 26% more damage.

According to the "Quarterly" 61% of all fires started from unknown causes, but of those fires of known cause an enormous 68% could have been prevented if the hazard responsible had been properly safeguarded. 31% were caused by human carelessness.

"Half of the large fires occurring in manufacturing plants originated during operating periods when detection was presumably prompt," says the "Quarterly." "This indicates that any investment made for prompt extinguishment, such as automatic protection and organization of employees into effective fire brigades, is amply justified."

What of house policy?

In many houses the policy set for the credit manager is no more definite than "we want to collect unearned discounts but use your own discretion in dealing with customers." This is an invitation (or is it a warning?) to the credit manager to avoid trouble. Since the credit manager has discretion, isn't he inclined to the easier course? Allow the discount and it is forgotten. Refusing to allow it means an attempt must be made to collect it. The attempt may not succeed; the customer may be offended; the salesman may become miffed; and the management, indulging in second-sight, may become critical. These possibilities sway the credit manager's decision and influence him to avoid their baneful effects. In many houses, too, while the management has available the total amount of cash discount allowed, no one knows what percentage of the discount allowed was unearned. Cash discounts allowed could easily be broken down into legitimate and illegitimate discounts in the accounting record and such a breakdown might be quite revealing.

The letter which says: "We are willing to sacrifice a part of our profit in order to get the early use of our money" may seem reasonable enough, but is it? Doesn't this letter, in other words, say: "We are willing to pay at the rate of 36 per cent per annum to get the use of money." A doubtful statement. What the seller is willing to do is to pay 2 per cent, or at the rate of 36 per cent per annum, for the use of the money *and* freedom from any collection costs and bad debts.

How many of your letters contain a sentence similar to the following: "We know you will understand our position and give us your kind cooperation in this matter." The phrase "understand our position" is not particularly to be criticized but the reaction to it might not be favorable. It is remindful of a recent comic illustrating the abject employee and the hard-hearted "boss". The answer of "the boss" to the employee's request for a raise is: "I know, Tom, you would like to have a raise, but consider my position in the matter. I don't want to give you one." And don't overdo the use of the word "cooperation". It has been used so much and in so many wrong places that it leaves the reader cold, if it does not actually antagonize him. It would, perhaps, be best to expel the word from the collection vocabulary. And be careful about overuse of the word "friendly". Business men are business friends and do not need to be constantly reminded of it.

Customers understand terms.

What, then, is the best approach to use? There may be no best approach but why not abide by the contract? Every sale is a contract. At some point the parties become bound and price and terms fixed, Any modification must be by mutual consent. It is presumptuous for the customer by his unilateral action to attempt to force the discount. He is not naive. It is silly to attribute his action to ignorance so rarely is this so. He is trying to avoid a condition in the contract and is not really offended if he is not permitted to succeed. He may feign hurt but his action is only leverage to gain his objective. Why not at his first offense return his check and call his attention to the fact that his bill is not yet due though the discount date has elapsed? And don't apologize for not allowing the discount. "Render unto Caesar that which is Caesar's" is as logical today as it was in the days of Saint Luke. Your customer forfeited his right to the 2 per cent when he passed the tenth day without paying. The 2 per cent now belongs to the seller but not until the thirtieth day. If the seller receives and retains a payment made after the discount date but before maturity of the account, isn't he logically and morally bound to allow the discount?

Why yield on points already agreed upon? The answer is fear—fear of the customer's retaliation and fear that competitors have no more fortitude than yourself or your own house. Customers have long played one competitor against another. Divide and conquer has been for them a very effective policy. And here we seem to have a clue, and in the author's opinion, the only clue, to a solution of the problem.

The cash discount, so-called, seems to be firmly entrenched in our distribution system. As sellers, many a business would like to do away with all cash discounts but many of the same houses, as buyers, want to retain it. No one knows just what part the financing charge (cash discount co-called) plays in collections. Undoubtedly it is a considerable part. Since, then, we have to deal with the cash discount for the unforeseeable future, the

clue to the solution of the problem presented would seem to be for creditors to close their ranks. When a credit executive knows his brother credit executives will stand firm against terms' abuse, his own courage is immeasurably bolstered.

There are many opinions among credit managers as to the cash discount—what its function is and how its abuse should be handled. The whole subject is quite controversial. It deserves your careful thoughts. Did you like the prize winning letters? Do you think you could improve upon them? Do you agree with the judges in the order in which they were placed? And finally, do you agree with all the statements in this article? If not, did you ever hear this story?

A nightingale and a crow fell into an argument over which had the sweeter song. Since each was so confident his own judgment would prevail they finally agreed to ask an old owl, which had a reputation for wisdom, to act as judge. On being approached, the owl consented and said he would hear first one contestant and then the other. Forthwith he asked the nightingale to sing. The nightingale beautifully rendered its beautiful song while the owl listened attentively. When he had finished, the owl said, "Alright, alright", after the manner of Ted Mack, and turned to the crow. The crow felt himself in fine voice and confidently began. But he had emitted only a few raucous caws when the owl cried: "Stop! That is enough! The award plainly goes to the nightingale." The crow appeared dejected but only for a moment. As he turned to walk away he was heard to mumble "Humph! That is nothing but the opinion of a —— old owl."

Personal Interviews with Customers

(Continued from page 10)

calls are occasioned by many different reasons:

1. The customer's desire to personally discuss the current financial condition of the company.

2. The customer may find it convenient to bring in a late financial statement to the office, rather than place it in the mail.

3. Many of the accounts have occasion to personally contact representatives of the General Sales Departments, and while in the General Offices for this purpose, may, as a matter of courtesy, visit with the credit department.

4. On occasion the sales solicitation unit arranges for various customers to inspect plant facilities. During this trip the sales representative may bring the customer to the credit office as a matter of courtesy.

While in some instances it is possible to review the file and follow some of the procedure as outlined above in preparing for calls at the customer's place of business, in other cases the visit is made without any prior notice to the credit department. In either instance many of the points discussed above are applicable. The contact with the customer is recorded in the same manner and in the same form as when the call is made at the customer's place of business, and likewise the sales manager is informed of the visit by letter.

By-products of customers' calls

The purpose of the personal call upon the customer has been accomplished, let us say, when the financial problem has been worked out, the collection made, or the specific information desired is obtained. There are, as we have said, other tangible results. The creation of good will with the customer and better relations with the sales department are perhaps the most important. But, in addition, there are other benefits that are derived from customer credit calls.

When a good personal relationship exists with the customers and the accounts have confidence in the credit man, as a result of the personal contact, the customer naturally looks first to his friend the credit manager when in trouble. This will tend to forstall many possibly bad situations. The advantages of customer contacts are broad because of the information obtained from the accounts on general conditions in that area on labor, collections, availability of business, and economic conditions. This confidence built up between the customer and the credit man is probably one of the greatest assets obtained as a result of credit calls on accounts.

As a result of the personal contact there will be, in future telephone calls and letters to that customer, a personal touch, a casual touch that will be mutually agreeable, which will further cement good relations between him and the selling firm.

Industry trends

An important by-product of customer contacts is the opportunity available to the credit man to obtain facts on industry trends. To be sure, the purpose of the call has been accomplished when the credit man has obtained the information to solve the problem which justified the visit, but in accomplishing this purpose he also gets information concerning the industry or segment of it in which the customer's company is operating. From visit to visit and territory to territory a first-hand knowledge of industry operations is obtained. This background of an industry certainly is valuable on future customer contacts, but even more important is the fact that this better educated credit man is a better member of his own organization.

Other by-products of personal calls are the relationship built with banks in the territory, as well as other sources of information. One need but mention the greatest difference in the credit reports that are received on one hand from the bank or other source of information where there is no personal relationship, and the much more complete detailed answer from a supplier or bank where a personal relationship does exist. This is true in telephone contacts to even a greater extent than in correspondence.

The broad talents of the trained professional credit man may be profitably used in direct personal contacts with the customer. Contacts for the sake of solving a pressing collection problem, or in covering an additional profitable sales outlet, or straightening out an unfavorable financial trend, will *increase sales, build good will,* and *reduce losses* for the firm.

There's more than one way . . . .

WHEN the Parker Pen Company recently devised a collection letter to be third in its series of notices sent to delinquent accounts, it got more than was bargained for.

The resulting letter (see cut) accomplished its original objective, which was to "display gentle good humor, maintain cordial dealer relations and expedite accounts past due." It also set up a wave of inquiries from organizations desirous of knowing how the letter was printed and processed, and the extent of its effectiveness.

Results obtained by the pen company through the use of the unique "letter" have been "highly satisfactory," according to Maurice L. Weirick, credit manager for Parker. "Comments of dealer recipients range from keen appreciation of its novelty and warmth to the 'I-don't-get-it' variety," Mr. Weirick said. "For instance, one dealer picking up the spirit of the letter sent it back with the hand-written inscription, 'Okay, you can drop your hand, dearie, the check is in the mail.'

"But," Mr. Weirick added, "whether the letter results in an immediate remittance or is merely used for pin-up purposes, we are thankful for the chance to demonstrate that people concerned with the generally bleak job of credit evaluation sometimes have a sense of humor too."

The letter has been in use for seven months.

THE PARKER PEN COMPANY

JANESVILLE WISCONSIN U. S. A.

14 November 1950

Mr. John Doe
Janesville, Wisconsin

Cordially,

THE PARKER PEN COMPANY

W. M. Keefe

Collection Department

K-$100.70.
rg

The Factor at Work

(*Continued from page 13*)

than an outline of the factoring business, the principal functions and techniques have been presented. These do not, however, embrace every possible service that factors may offer. For instance, a few factors, like ourselves, still furnish space for storage and display and do all the shipping and billing for their clients. The commission for this complete service runs in the neighborhood of 4 per cent. Factors also have been known to accept mortgages on plant and equipment, and this has been particularly helpful when a client is engaged in expanding his operations and modernizing his tools and machinery; but this service is always combined with the financing of accounts receivable and the checking of credits.

On the other hand, some concerns are so situated financially that they do not need any financing of their receivables; but they do find it profitable to have the factor assume the credit risks and collect the accounts. In a case like this, the factor renders monthly account-sales statements made up as of the average due date plus ten days and pays the client at that time what is due him less a reserve to protect the factor against possible returns and other offsets. Such an arrangement is called a maturity account.

However, during a period of rising costs, which will take place under inflationary pressures despite any attempt to fix wages and prices by government fiat, the additional service of accounts receivable financing may be needed to supplement working funds and maintain smooth operations. Furthermore, the factor can be relied upon to finance war contracts which will doubtless be issued in an increasing volume in the near future. And since the Department of Justice has threatened to bring its trust-busting guns to bear on large corporations to prevent concentration of contracts in their hands, the smaller concerns may play a more prominent role in the defense effort. But many of them will have to have their limited capitals augmented by outside financing, and factors of course stand ready to offer their services.

ASSOCIATION NEWS

Convention Time Is Very Close!

FINAL plans are being brought to completion for the 55th annual Credit Congress to be held in Boston, Mass., May 13-17, and it looks as if this will be one of the outstanding conventions of all time. Registrations are rolling in to the host city housing committee and as this is written the prospects seem to be for a very large attendance.

Special Anniversary

In one way this is a rather special Credit Congress. Just twenty years ago Henry H. Heimann was elected National President, succeeding William Fraser. At that time H. H. H. was vice-president of the Kawneer Company, Niles, Michigan. A very short time later the late Dr. Stephen I. Miller resigned as executive manager and a committee, under the leadership of the same William Fraser, undertook to find a successor. The man they decided upon was Henry H. Heimann. So, in one and the same year, Henry Heimann served as both president and executive manager. 1951 and Boston thus are both important factors in NACM history.

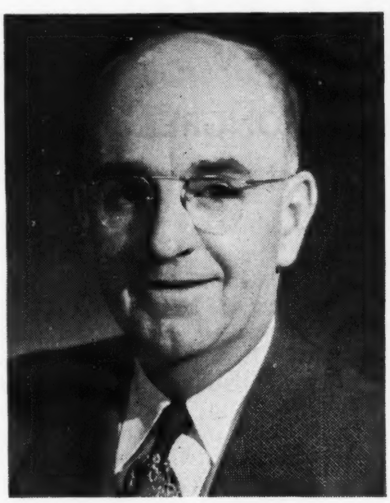
From every point of view the 55th annual Credit Congress is an important one just as the 1931 convention was. Then the country was plagued with deflation; now it is plagued with *in*flation. Both bring up problems serious enough to make credit executives wake up screaming in the night.

This year's program (which will be found on page 35) is an exciting one. Fine speakers from all fields—banking, industry, government, accountancy, retail trade, journalism—have been engaged to address the general sessions. In addition the invaluable group meetings scheduled for the Tuesday of convention week will make the time and effort of convention-going eminently worth while.

On the front cover are the two main sparkplugs of the convention effort. Edwin M. Wolley, United States Fidelity & Guaranty Company, general convention chairman, and James N. Jones, Decatur & Hopkins, president of the Boston Association of Credit Men. They are the front-line troops of the convention. And behind them are a hard-working crew of committee chiefs and members without whom no convention could ever hope to function.

(Continued on page 30)

Here Is Your Once-a-Year Chance To Find Out How Credit Executives Are Thinking. Dare You Miss It?



by RAYMOND P. COYLE
Hub Distributors, Inc., Boston
Chairman, Industry Meetings Committee

IT SHOULD be clear to every credit executive that, with the changing conditions under which we are obliged to work during this unsettled era, the Industry Meetings to be held on Tuesday, May 15, in connection with the Fifty-Fifth Annual Credit Congress of the National Association of Credit Men, take on much more importance than at any time in the past. The recent price and wage freeze order is the first step in actual control of production and flow of finished goods through the channels of distribution to the retail outlets. These restrictions place an added responsibility on each credit executive to see that the manner in which the business of his company is handled in the Credit Department is adjusted to meet changing conditions.

The inventory picture of a great many of our customers affects the ability of those customers to discount their bills and liquidate indebtedness according to terms. These and many other problems have to be approached and handled from a realistic standpoint, and this year more than ever before each credit executive has an opportunity to sit around the table with his fellow executives in the same industry from all over the country to exchange views and advance ideas regarding procedures, and protective measures can be invoked to adjust operations with the least inconvenience.

The various industry meeting programs which appeared in the March issue give an outline of the thinking of the various Committees regarding the importance of bringing ourselves up to date on all credit procedures. The chairman and the committee members for each industry meeting have done an outstanding job in lining up speakers and listing topics of current interest for discussion. Each topic to be presented has been suggested by credit men, themselves, so that the discussions of these subjects cannot help but be very informative.

Once-a-year opportunity

The important thing for each credit executive to remember is that opportunity is afforded us only once each year to meet nationally with our contemporaries in our industry to have a face-to-face talk and a complete understanding of our problems. Each one of us should feel it incumbent upon himself to enter into the discussions and panel talks to be sure that all good suggestions can be put on the table for a free and open discussion. We feel confident that each member who attends an Industry Meeting will come away firm in the conviction that the day was well spent. Each of us is sure to bring away with us ideas and suggestions which can be used to our advantage in the daily performance of our duties.

A list of Groups for which programs have been arranged follows:

Advertising Media
Automotive

(Continued on page 34)

Past National Directors Mary E. P. Curran and Laurence S. Day are both serving on the important executive committee

PROGRAM

55th ANNUAL CREDIT CONGRESS

Boston, Massachusetts
May 13 - 17, 1951

Sunday—May 13, 1951

A.M.

9:00 Registration all day.

P.M.

3:30 Hostess Reception and Tea for all registered delegates.

8:30 Reception and Musicale.

Monday—May 14, 1951

A.M.

FIRST PLENARY SESSION

Edwin M. Wolley, General Chairman, Superintendent, U.S. Fidelity and Guaranty Co., Boston.

James A. Mawn heads the entertainment committee

9:30 Call to Order. Invocation.

9:40 Welcome—*William C. Hall*, President, Boston Credit Men's Association, Sylvania Electric Products, Inc.

9:45 Greetings from Boston—*The Honorable John B. Hynes*, Mayor of Boston.

9:55 The President's Report—*A. J. Sutherland*, President, National Association of Credit Men, President, Security Trust and Savings Bank, San Diego, California. Appointment of Committees—*A. J. Sutherland*, President, NACM.

10:30 Subject: "So You Think You're Slipping!" *Edward McFaul*, Humorist, Lecturer and Teacher.

11:15 Subject: "Experience—or Expediency?" *Henry H. Heimann*, Executive Vice President and Manager, National Association of Credit Men

12:00 Adjournment

P.M. SECOND PLENARY SESSION

Earl N. Felio, Vice President, Eastern Division, Treasurer, Colgate-Palmolive-Peet Co., Jersey City, N. J.

2:15 Call to Order.

2:20 Subject: "Freedom's War on Waste." *T. Coleman Andrews*, President, American Institute of Accountants, Member of firm, Bowles, Andrews and Towne, Richmond, Va.

3:00 Subject: "Some Common Interests of Our Associations." *Clarence E. Wolfinger*, President, National Retail Credit Association.

3:15 Music

3:20 Subject: "What Shall We Do About Asia." *Dr. Walter H. Judd*, Congressman, Minnesota Fifth District.

4:10 Subject: "Guarding the National Credit." *Earl Bunting*, Managing Director, National Association of Manufacturers.

4:55 Announcements.

5:00 Adjournment.

9:00 President's Reception and Ball and Entertainment.

Tuesday—May 15, 1951

A.M.

9-12 Industry Group Sessions.

P.M.

12:30 General Luncheon—all delegates.

2-5 Industry Group Sessions (Continued).

6:00 Shore Dinner and Dancing for all Registered Delegates and Guests. Leaving Time—Hotel Statler—6:00 P.M.

Wednesday—May 16, 1951

A.M. THIRD PLENARY SESSION.

Lester F. Fishbeck, Vice President, Western Division. Assistant Secy.-Treasurer, Coast Packing Company, Los Angeles, Calif.

9:30 Call to Order. Invocation.

9:40 Subject: "Appraisal of Current Economic Trends." *Merryle S. Rukevser*, Journalist, Lecturer and Economic Consultant.

10:20 Subjects: "How to Meet Credit Problems in This Emergency" and "What Use for a Credit Management Handbook." Panel Discussion—Sponsored by the Credit Research Foundation.

11:10 Music.

11:15 Subject: "The Chances for Peace." *Erwin D. Canham*, Editor, Christian Science Monitor.

(*Continued on page 39*)

William C. Hall also is on the executive committee

ROSTER OF NATIONAL NOMINATIONS COMMITTEE FOR NATIONAL CONVENTION AT BOSTON, MASSACHUSETTS
May 13 - 17, 1951

C. Callaway, Jr., *Chairman*
Crystal Springs Bleachery, Inc.
Chickamauga, Georgia

Past Presidents

Charles E. Fernald, Phila.
Charles B. Reirdon, Toledo

Past Presidents

E. L. Blaine, Jr., Seattle
Robert L. Simpson, New Orleans

COUNCILLORS' CHOICE

William E. Shea, Armstrong Rubber Company, West Haven, Conn.

Alternate

Joseph Foerth, Bassick Company (38 Austin St.), Bridgeport, Conn.

H. Parker Reader, Cannon Mills, Inc., New York 13, N. Y.

Alternate

W. H. Williams, Francis H. Leggett & Co., Buffalo, N. Y.

Chas. B. Weidman, Phila. Terminal Auction Co., Philadelphia 48, Pa.

Alternate

Stanley F. Norman, The Texas Company, Norfolk, Va.

J. J. Steig, Tracy-Wells Co., Columbus, Ohio

Alternate

A. L. Campbell, East Tennessee Packing Co., Knoxville, Tenn.

Albert A. Beste, c/o Koening Coal & Supply Co., Detroit 7, Mich.

Alternate

C. H. Fischer, Carboloy Co., Detroit 32 Mich.

O. W. Grosskopf, Pillsbury Mills, Inc., Dallas 2, Texas

Alternate

Rollo S. Thurlow, Fox Vliet Co., Wichita 2, Kansas

R. W. Schilling, The Bank of Georgia, Atlanta, Ga.

Alternate

W. S. Wilson, Sloss-Sheffield Steel & Iron Co., Birmingham 2, Ala.

John E. Hoff, Klearflax Linen Looms, Inc., Duluth 7, Minn.

Alternate

W. G. Kane, Central National Bank & Trust Co., Des Moines 4, Iowa

Orson M. Rogers, Z.C.M.I., Salt Lake City, Utah

Alternate

R. C. Erickson, United States National Bank, Denver 2, Colorado

Gordon Holden, Zellerbach Paper Co., Seattle 14, Wash.

Alternate

Forrest U. Naylor, Pacific Gas and Elec. Co., San Francisco, Calif.

MEMBERS-AT-LARGE

John Miller, Norton Company, Worcester 6, Mass. (New Bond St.)

Alternate

E. O. Lesquier, American Bosch Corporation, Springfield, Mass.

Bess R. Havens, First National Bank, Binghamton, N. Y.

Alternate

E. Richard Markin, Chapin-Owen Company, Inc., Rochester 4, N. Y.

John S. Nichols, Harris Pump & Supply Company, Pittsburgh 3, Pa.

Alternate

James F. Welsh, McCormick & Co., Inc., Baltimore 2, Md.

William H. Watts, Ballard & Ballard, Louisville 1, Ky.

Alternate

J. L. Vesper, Walter T. Dickerson Company, Columbus, Ohio

James E. Walsh, Oscar Mayer & Company, Chicago 10, Ill.

Alternate

Paul Evers, Michigan Consolidated Gas Co., Detroit 26, Mich.

Rollo S. Thurlow, Fox Vliet Co., Wichita 2, Kansas

Alternate

O. W. Grosskopf, Pillsbury Mills, Dallas 2, Texas

E. J. Keefe, E. J. Keefe & Company, Tampa 1, Fla.

Alternate

J. A. Monier, Jr., Wesson Oil & Snowdrift Sales Co., New Orleans 9, La.

J. V. Rowe, Midcontinent Petroleum Corp., Waterloo, Iowa

Alternate

Edward P. Kautzky, Valley Savings Bank, Des Moines 4, Iowa

L. W. Mansell, Strevell-Paterson Hardware Co., Salt Lake City, Utah

Alternate

R. O. MacDonald, B. F. Bennet Oil Company, Denver, Colorado

Elmo Trimble, Wilson Paper Co., Los Angeles, Cal.

Mrs. Reggia Griffin heads credit women's convention committee

News from the CREDIT WOMEN

Portland: Ten members of the Women's Credit Group attended the 1951 Credit Education Lecture Series for six consecutive Tuesdays from January 16th to February 20th inclusive. This program was arranged by the PACM. E. W. Johnson, executive vice-president of the Portland Association, spoke one evening on bankruptcies, assignments and extensions.

Members of our group are looking forward to the Tri-City meeting of Credit Women's Groups of Portland, Seattle, and Tacoma to be held in the Winthrop Hotel at Tacoma April 21st and 22nd.

For the benefit of our scholarship fund a dinner followed by cards had been planned for this evening, March 8th, but was postponed on account of the very unusual stormy weather. We had hoped to add substantially to our scholarship fund from the proceeds of this party.

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Oakland: The annual election of officers marked the dinner meeting of the Oakland Credit Women's Group on March 19th at the Robin Hood Inn.

Annual reports from the standing committees were heard. Mary Haaga of Biggs & Haaga (clothing) gave a short history of the firm.

Mary Lorentzen, president, presided.

•

Kansas City: The Kansas City Credit Women's Club had its combined February and March meeting February 28th at the President Hotel. All members of the Credit Association and Credit Women from clubs close to Kansas City were invited. Punch was served from 5:45 to 6:30, and dinner at 6:30 p.m. Musical entertainment was furnished by local radio artists.

Miss Marian McSherry was the honored speaker and gave a delightful talk on the work and aims of the Credit Association. Since it was also Bosses' Night this information was helpful to them to understand what is going on in the Credit Association all of the time. Quite a number of Bosses attended this meeting.

Mrs. Edwin M. Wolley
Hostess

Walter L. Driscoll
Banker

Edward W. Ball
Sergeant-at-arms

CONVENTION

(Continued from page 27)

National director Laurence Day, W. F. Schrafft & Sons Corp., has been taking an active part in convention arrangements and let us not forget Miss Mary E. P. Curran, past national director, who shares the major responsibility of the convention with Edwin Wolley.

As is usual in the organization of conventions the major headaches are reserved for the housing committee which has to try and find a solution to the problem of non-elastic hotels. Everybody and his brother, not to mention his old aunt from Deaf Smith County, wants to be housed in the royal suite in the headquarters hotel, and the housing committee has to decide not only where to put everybody but to make everybody happy about where he's put, too! J. Alfred Murphy, The Lowe Bros. Company, has drawn this happy chore and from last reports is still surviving.

Another job which calls for tact, firmness and general aplomb is that of sergeant-at-arms. The number of people who would like to gate-crash a meeting is approximately four thousand percent as great as the average man would believe. The sergeants-at-arms have the job of seeing that people who come to meetings, or who want to get in on the entertainment events, are in fact entitled to do so. Edward Ball, Hooper-Holmes Bureau, is the chief of this localized police force. He is also Grand Marshal.

Another committee whose real siege does not commence until the Credit Congress opens is the registration committee. The key word above is "real." They have plenty to occupy them before convention time but when the folks begin to arrive from points west they have to hustle. From early morn to dewy eve, and much later, they sit with their files upon files of registration material waiting to take care of delegates and visitors, all of whom seem to arrive simultaneously. It's a job that calls for teamwork.

The executive committee for the convention consists of the two co-chairmen, the president, national director Laurence S. Day, secretary-manager Henry Lamb, the two vice-presidents—William C. Hall and Ralph Mullane—and the treasurer, J. Franklin Smith. Other chairmen are:

Publicity—James P. Keddy, Admiral Corp.

Host city registration—Albert Pauly, Samuel Cabot, Inc.

Entertainment—James Mawn, Gulf Oil Corp.

Supply—Edmund H. Hannon, John Donnelly & Sons, Inc.

Complaints and adjustments—Harry A. Hartford, Paine's Furniture Co.

Reception—Raymond T. Custer, Graybar Electric Co., Inc.

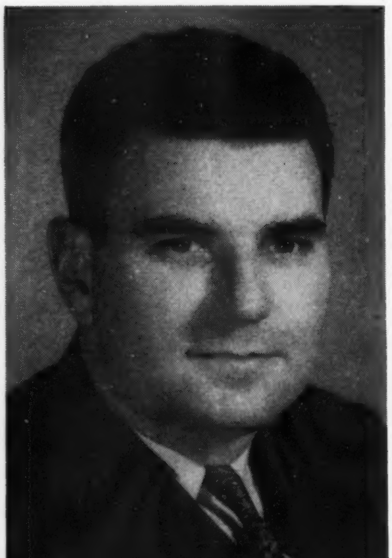
Information—Emery W. Taylor, Shell Oil Co.

Advisory—Chester C. Gray, Boston *Post*.

Bankers—Walter L. Driscoll, First National Bank of Boston.

(Continued on page 34)

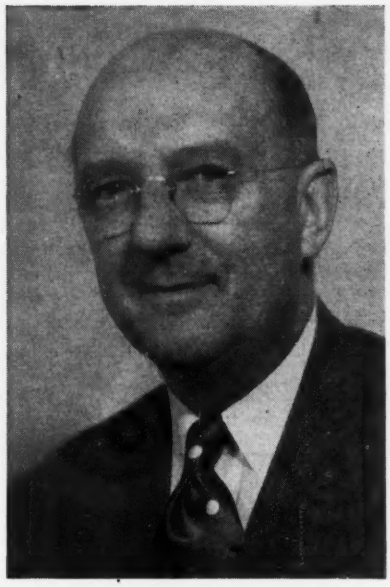
Emery W. Taylor
Information



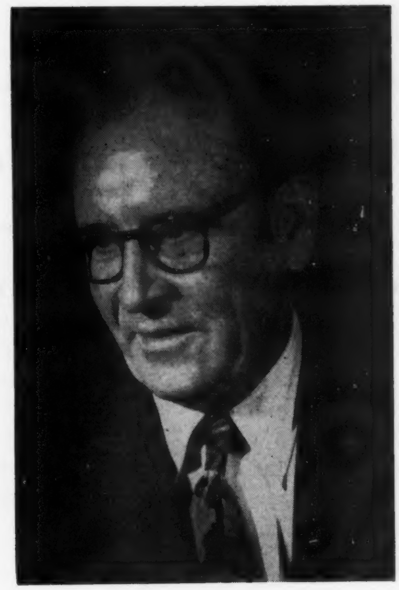
Raymond T. Custer
Reception

Mrs. James N. Jones
Hostess

Ralph W. Mullane
Executive



Albert Pauly
Host city registration



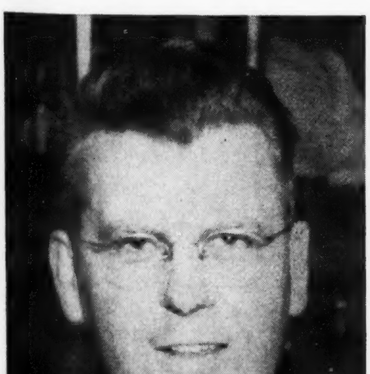
Edmund H. Hannon
Supply

CONVENTION'S BIG WHEELS

On these two (and other) pages are some of the willing souls who have undertaken to make a success of the 55th annual Credit Congress in Boston, Mass. Each is backed by capable, hardworking men and women, all of them giving generously of their spare time to make sure that your Boston visit will be a success.

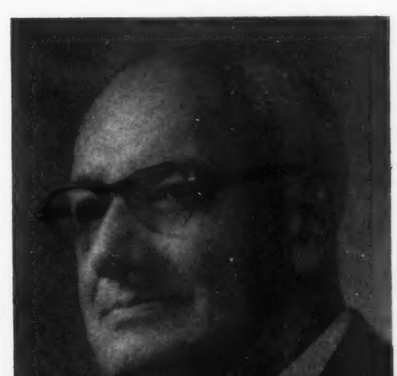
Mrs. William C. Hall
Hostess

Mrs. Ralph W. Mullane
Hostess



Ralph B. Maloney
Sergeant-at-arms

Frederick W. Rogers
Halls and decoration



Harry A. Hartford
Complaints & adjustments

Amendments to N.A.C.M. Bylaws will be Presented at Convention in Boston in May

AS NOTED in the January issue of CREDIT AND FINANCIAL MANAGEMENT, amendments to the Bylaws of the National Association of Credit Men will be submitted for vote by the delegates during the 55th annual Credit Congress. The proposed amendments follow. This is the second publication of these proposed amendments.

Increase Districts to 12

1. Section 6 (a) of Article III of the Bylaws shall be amended so that it reads as follows:

"For the purposes of voting at regular and special meetings the membership of the Association shall be divided into 12 electoral districts as follows:

District 1. Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut.
District 2. New York, New Jersey.
District 3. Pennsylvania, Maryland, Delaware, Virginia, West Virginia, District of Columbia.
District 4. Georgia, Florida, North and South Carolina, Alabama.
District 5. Indiana, Lower Michigan.
District 6. Illinois, Wisconsin, North Michigan.
District 7. Kentucky, Tennessee, Ohio.
District 8. Missouri, Arkansas, Louisiana, Mississippi, Kansas.
District 9. Iowa, Minnesota, Nebraska, North and South Dakota.
District 10. Colorado, Utah, Montana, Idaho, Wyoming.
District 11. Texas, Oklahoma, New Mexico, Arizona.
District 12. California, Nevada, Oregon, Washington, Hawaii.

"The preceding districts shall further be grouped into three major Divisions as follows: The Eastern Division which shall include Districts 1 to 4; the Central Division which shall include Districts 5 to 9 and 11; the Western Division which shall include Districts 10 and 12.

Provides for 27 Directors

2. Sections 2 annd 3 of Article V of the Bylaws shall be amended so that they will read as follows:

"**Section 2.** Number. The Board of Directors shall consist of 31 persons all of whom shall be direct or affiliated members, or designated representatives of such members of the Association in good standing, and shall include the President and three Vice Presidents of equal rank, elected to represent the three major Divisions of this Association. The remaining 27 directors shall be chosen to represent the 12 electoral districts specified in Article III, Section 6, of these Bylaws, provided, however, that there shall be at least one but not more than three such directors chosen for each of said districts, and that not over 50% of the entire membership of the Board of Directors may come from any one division.

"**Section 3.** Election and Term of Office. One-third of the total number of directors shall be elected annually by ballot, and each director shall hold office for a term of three years following the date of his election and until his successor is elected, but no director shall be eligible for re-election immediately following the completion of a full term of office; provided, however, that nothing herein contained shall be construed to shorten the term of office of any director elected prior to the adoption of these by-laws and provided further that of the three additional directors to be elected for the Association year of 1951-52, one shall be elected for a term of three years, one for a term of two years, and one for a term of one year.

3. Article IV of the Bylaws shall be amended by adding the following as Section 3:

"In addition to the foregoing annual dues a new member registration fee of $10.00 shall be paid to this Association by or for each direct or affiliated member who shall join this Association subsequent to June 1, 1951. In the case of a reinstated member the new member registration fee shall not be payable if reinstatement takes place within four months of the time the member has dropped for non-payment of dues."

Changes in Nominations Committee

4. Sections 1 and 2 of Article VIII shall be amended so that they read as follows:

ARTICLE VIII

Nominations

"**Section 1.** Members. There shall be a Committee on Nominations consisting of 29 representatives of affiliated members or of direct members or direct members, consisting of the following: The last retired President of the Association in order of availability who shall serve as Chairman of such Committee; the next four most recently retired Presidents of the Association in order of their availability; one member and one alternate from each of the 12 electoral districts to be designated by the President, with the approval of the Executive Committee, and one member and one alternate from each of the 12 electoral districts to be designated by the Councillors within such districts, but such alternates shall serve only in case of the absence or inability of the member. The names of the persons constituting the Committee on Nominations shall be announced in the official publication of the Association during the month preceding the annual meeting of members.

"**Section 2.** Duties: The Committee on Nominations shall recommend to the annual meeting the name of one candidate for President one for Vice President from the Eastern Division, one for Vice President from the Central Division, and one for Vice President from the Western Division, and for 9 directors, and for the filling of any existing vacancies among the officers or directors of the Association.

Alternate Proposal on Connecticut

5. Section 6 (a) of Article III shall be

NOTICE

AS required by Article XIV of the bylaws of the National Association of Credit Men notice is hereby given that the Syracuse Association of Credit Men, the Jacksonville Association of Credit Men, the Baltimore Association of Credit Men and the New Jersey Association of Credit Executives will present at the annual convention of the National Association of Credit Men the following proposal as a substitute for item 3 of the amendment proposed by the National Board of Directors: (See notice of proposed amendments published in CREDIT AND FINANCIAL MANAGEMENT in the January and April, 1951, issues.)

"Article IV, Section 1 shall be amended to read as follows:
"Section 1. Affiliated Associations. Each affiliated Association shall pay to this Association dues at the rate of $8.50 per annum for each member of such affiliated association. Such dues shall be payable on a pro rata basis on the first day of each month, and shall be based on the membership of the affiliated association as recorded in the office of the Secretary of this Association on the date on which each instalment is payable."

•

The secretary-managers of the Eastern division, at their meeting in Tampa, Florida, March 8-10, voted to recommend to their Associations that an additional one dollar per member be paid annually by each affiliated association to the National Association of Credit Men. They made this decision after careful scrutiny of a proposed amendment by the National Board of Directors (which would have taken the form of an added Section 3 to Article IV) providing for a "new member registration fee of $10.00." (See above.) On the advice of counsel, to obviate unnecessary legal verbiage, the $1.00 additional payment voted by the Eastern secretary-managers is incorporated into Article IV, Section 1, instead of introducing it as a separate Section of Article IV.

amended so that the State of Connecticut is included in District #1 instead of District #2.

Note: In case of the adoption of the first proposed amendment it will not be necessary to vote on the fifth amendment having to do with the change of the State of Connecticut from District #2 to District #1. If the first amendment is not adopted then a separate vote may be taken on this fifth proposal.

New York Credit Men Hold 3-Day Defense Seminar

New York: A three-day seminar on "Credit and Financial Management in a Defense Economy" was conducted March 8, 12 and 19 by the New York Credit and Financial Management Association at the Hotel Commodore.

Three aspects were discussed—economic, legal and accounting—by Dr. Marcus Nadler, professor of banking and finance at New York University, Harold B. White, attorney specializing in administrative law and tax matters, and A. Louis Oresman, Aronson & Oresman, accountants, respectively

Boston Past President Is Guest Speaker on Past Presidents' Night

Boston: The Boston Credit Men's Association held its annual Past Presidents' Night March 27 at Schrafft's.

The choice of speakers was a particularly happy one—Osbon W. Bullen, general credit manager, Lever Bros., New York, who was himself president of the Boston Association when Lever Bros. were located in Cambridge, across the river from Boston. His subject was "Tools for the Job."

Mr. Bullen is also a past national director and eastern vice-president.

James P. Keddy is publicity chairman

Petroleum Credit Managers to Meet In New York City

New York: The 14th annual conference of the Association of Eastern Petroleum Credit Managers will be held at the Hotel Roosevelt in New York, April 16, 17, and 18, it was announced by A. G. Shipp, president of the Association.

More than 100 key petroleum credit executives are expected to attend from Atlantic Seaboard states.

The conference will be highlighted by addresses by four important business executives as well as by a group of forum discussions.

The main speaker on the program will be Henry H. Heimann, executive manager of the National Association of Credit Men, who will speak at the Tuesday luncheon session. Others on the agenda are Frank W. Lovejoy, Socony-Vacuum Oil Company; Ralph L. Lee, General Motors Corporation, and Thomas H. Nelson, Rogers and Slade, management consultants.

Chester C. Gray heads the advisory committee

The forum discussions will embrace a number of credit subjects including credit department organization structure, training of credit personnel, public and consumer relations, credit cards, and current trend and future outlook.

Registration for the conference will be at 9 A.M., Monday, April 16, and the business meeting will start at 10:30 A.M.

Walter J. Wissel Is New Assistant at South Bend

South Bend: Walter J. Wissel has been appointed assistant secretary-manager of the St. Joseph Valley Chapter, NACM. He has been collection manager of the Association since July, 1950.

Mr. Wissel is a graduate of Notre Dame and is a member of the bar of the State of Indiana.

J. Franklin Smith has charge of budget and finance

IS THIS A RECORD FOR MEMBERSHIP?

Minneapolis: What may be a record in Association membership has just been achieved by Roy P. Ingmundson, Minneapolis Iron Store, who celebrated his fiftieth year as an Association member March 10.

It was on that date in 1901 that Mr. Ingmundson joined the St. Paul Association, which at that time had 50 members. The National Association had 3500 members and had set itself a goal of 5000. The business of the early meetings, Mr. Ingmundson says, consisted chiefly of "one of the old wheel horses talking on the advantages of rubbing elbows with competitors and discovering that they don't wear horns!"

He transferred to the Minneapolis Association in 1907 and has been active in Association work ever since, having served as president in 1924-1925 and as first president of Associated Creditors, Inc., the service corporation of the Minneapolis Association, of which he was one of the organizers. He was made an honorary member in 1937.

Kenneth G. MacKay is convention songleader

A few notes on the housing of convention delegates

THIS may be old stuff to many readers, but it seems to be the case that no matter how often you repeat the same story there is always someone who hasn't read it. So, for the last time, here are a few notes on the housing situation in Boston, this year's convention city, how to make reservations and who is entitled to what accommodations.

First, no member of the NACM staff has a single thing to do with reservations, not even the NACM's convention director. All reservations are processed through local secretary-managers who pass on the registrations and room requests to the Boston Association housing committee who get in touch with the hotels who send written confirmation to the registrants.

This Tinker to Evers to Chance system might seem suspiciously like army channels, from which most of us have suffered at one time or another, but it is necessary, and here's why.

The housing committee insists on registrations coming through secretary-managers because in that way they can ensure that room applications are properly made out. (And if you think that is a weak reason you should see some of the mismade, illegible applications which housing committees have received in the past!) Then the committee insists on the reservations coming to them rather than to the hotels both to save delay if a request is sent to a hotel which cannot honor it and so that they will know how many people to plan for. They have no other way of finding out.

So make your reservations through your local secretary. He will carry the ball from there.

Next, although the hotel situation is well in hand the hotels have laid down a few rules which are actually standard operation procedure these days in the hotel business.

All reservations are cancelled at 6 p.m. (and they mean exactly 6 p.m.) unless you tell them you can't make it by that hour.

If you have to change the day of your arrival write or wire the hotel *direct*, not through your secretary manager this time, and let the hotel people know when you will arrive. Otherwise they will just cancel the whole thing.

The above applies to a later arrival than that stated on your registration blank. If you decide to arrive earlier take it up with the hotel *direct*.

If you arrive in the morning, or any time before check-out hour and your room is not ready or not yet available, be patient. You'll be taken care of. In any case, register the minute you arrive. In that way the hotel will know you're there and will be on hand when your room becomes available.

By following the easy rules yourself, and by not expecting miracles from the hotel people and others, you will start your stay with your blood-pressure normal and your digestive system acid-free. It is going to be a wonderful convention. Have a good time.

J. Alfred Murphy
Housing Committee Chairman

Group Meetings—Your Once-a-Year Chance

(Continued from page 27)

Bankers
Brewers, Distillers and Wholesale Liquor
Building Material and Construction
Cement
Chemical and Dye
Confectionery Manufacturers
Drugs, Cosmetics and Pharmaceuticals
Electrical and Radio Manufacturers
Electrical and Radio Wholesalers
Fine Paper
Floor Coverings and Furniture
Food Products and Allied Lines Manufacturing
Food Products and Confectionery Wholesalers
Footwear
Hardware Manufacturers
Hardware Wholesalers
Insurance
Iron and Steel
Machinery and Supplies
Meat Packing
Non-Ferrous Metals, Raw Materials and Allied Lines
Oil Field Service and Supplies
Paint, Varnish, Lacquer and Wallpaper
Paper Products and Converters
Petroleum
Plumbing, Heating, Refrigeration and Air Conditioning
Public Utilities
Textile
Wearing Apparel

CONVENTION—

(Continued from page 30)

Halls and decoration—Frederick W. Rogers.
Credit women—Mrs. Reggia Griffin, Schlitz Distributing Co.
Hostess—Mmes. William C. Hall, James N. Jones, Ralph Mullane and Edwin M. Wolley.
Song leader—Kenneth G. Mackay, Gulf Oil Corp.
Industry groups—Raymond P. Coyle, Hub Distributors, Inc.

Entertainment was ever an important feature of any convention and the Boston hosts have far from overlooked that important aspect. In fact there is something doing most of the time.

Sunday, arrival day, the hostess committee has arranged for a reception and tea for all registered persons on the afternoon and a reception and musicale in the evening. Monday, while the men are attending the general session in the afternoon the hostess committee will entertain the wives at a bridge party, and in the evening all are invited to the annual president's reception and ball. Tuesday evening all registered persons, delegates, men, women and children are invited to be the guests of the host Association for a shore dinner at the New Ocean House, Swampscott, about 18 miles from Boston. Busses will leave the Statler, headquarters hotel, at frequent intervals direct to the New Ocean House.

Wednesday afternoon there will be a luncheon and fashion show for the wives and in the evening a concert and entertainment for everyone. The Credit Congress comes to an end Thursday noon so nothing is planned after that time.

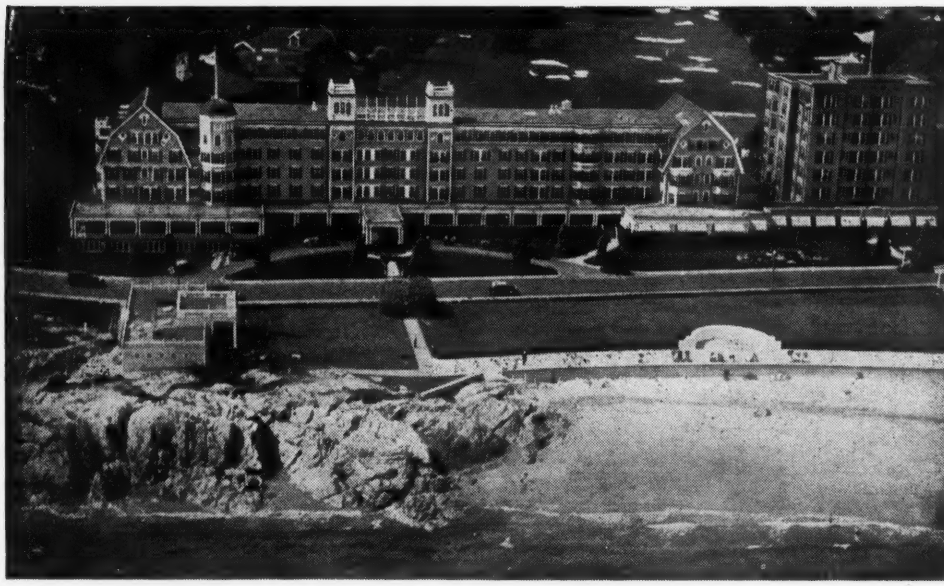
A. C. Schnitzler is New President of Philadelphia Assn.

Philadelphia: The Credit Men's Association of Eastern Pennsylvania held its annual meeting and banquet on Thursday, March 22, at the Bellevue-Stratford. "Gene" Flack, sales counsel and director of advertising, Sunshine Biscuits, Inc., was the guest speaker.

An important feature of the meeting was the election of officers for the coming fiscal year. Alfred C. Schnitzler, National Airoil Burner Co., succeeds Charles B. Weidman, Philadelphia Terminals Auction Co., as president. The new vice-presidents are: John V. Williams, Concrete Products of America; Stephen F. Sayer, First National Bank of Philadelphia; J. Leroy Vosburg, Fernald & Co., and William A. Hess, Brown Brothers, Harriman & Co.

Retiring president Weidman was presented to Frank P. Glenn, Canmden Lime nition of his year's work, and a solid silver plate, suitably engraved, was presented to Frank P. Glenn, Camden Lime Co., for his outstanding work in membership promotion.

The picture on the right shows the New Ocean House at Swampscott, Mass., about eighteen miles from Boston. Every registered person attending the 55th annual Credit Congress is invited to be the guest of the Boston Association of Credit Men for dinner and dancing at the New Ocean House on the evening of Tuesday, May 15. Busses will shuttle between the Statler Hotel and Swampscott. A traditional New England shore dinner will be served.



Noted Editor Heard At New York Meeting

New York: Arthur H. "Red" Motley, president of Parade Publication, Inc., spoke on "Looking Ahead" at the March 27 luncheon meeting of the New York Credit and Financial Mannagement Association.

As chairman of the board of the National Sales Executives during the past year he has traveled over 80,000 miles and addressed 117 meetings with a total attendance of over 90,000 people.

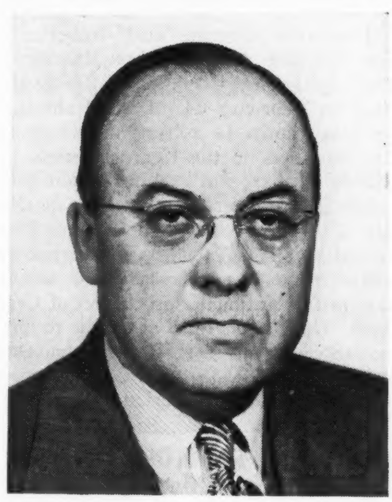
Banker Speaks at Hartford

Hartford: The Hartford Association of Credit Men held their March meeting at a new location—the Indian Hill Country Club, Newington, Conn.

Samuel S. Rodman, vice-president, Hartford-Connecticut Trust Co., Hartford, was guest speaker. He discussed the general business outlook.

James H. Lamb
Boston Executive Manager

CREDIT CAREER



Carl L. Cavil, for many years an active and enthusiastic member of the Northern Wisconsin-Michigan Association of Credit Men, has been elected president of the Bank of Green Bay, Wisconsin, succeeding Dr. W. T. Hagen, who is now chairman of the board.

Mr. Cavil is another example of a man who worked his way from the ground up. He started with the bank in 1916 as a bookkeeper. He served in World War I for two years and returned to the bank June 1, 1919.

He was named assistant cashier in 1924, cashier in 1939 and executive vice-president in 1946, which position he held until his recent elevation.

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Cleveland: The Cleveland Credit Women's Club held their March meeting on Tuesday, the 13th, at the University Club. Mrs. Dorothy Fuldheim, of Cleveland, an outstanding analyst and radio commentator on world affairs, was the guest speaker. Her subject: "The Contemporary Scene" was received with much interest and provoked a lively discussion period following.

District Two's Conference to Be at Syracuse

PLANS have been inaugurated at a meeting of the councillors, presidents, and executive managers of affiliated Associations in District #2 for the annual Tri-State Conference to be held at Syracuse, N. Y., on October 18, 19, and 20. The theme adopted at a meeting in Utica on March 17 for the Syracuse Conference is "Credit in an Expanding Economy."

It was decided to hold Industry Group Meetings on Friday afternoon, October 19, with conference programs on Friday morning and Saturday morning. There will be the usual presidents' luncheon on Friday noon and the banquet on Friday night. The plan inaugurated at the Conference held in New York City in 1950 for a breakfast session will be followed at the Syracuse meeting.

The registration fee will be $16.50, the extra $1.50 being required for the breakfast. Delegates will remain after breakfast for a complete morning session at which there will be two speakers.

The credit women of District #2 will hold their usual breakfast session on Saturday morning.

Charles V. Lane, Syracuse Trust Company, will serve as general chairman of the Syracuse Conference.

FCIB Officer Addresses Pittsburgh Joint Meeting

Pittsburgh: Nicholas J. Murphy, vice-president, Chase National Bank of New York, and chairman of the administrative committee of the Foreign Credit Interchange Bureau, addressed a joint meeting of the Pittsburgh Credo Club and the World Trade Council of the Pittsburgh Chamber of Commerce April 2.

As this picture well indicates they had a fine turn-out for the joint meeting of sales, credit and purchasing executives in Los Angeles

L. A. Credit Men Play Host For Joint Conference

Los Angeles: "Close Harmony" was the theme of the annual joint meeting of the Sales Executives Club, Purchasing Agents Association and the Los Angeles Credit Managers' Association. This year the Credit Association had the pleasure of being the host and supervising the program.

Over 500 members were seated when the meeting was opened by R. D. Roberts, president of the Los Angeles Credit Managers' Association, who extended greetings. The event of the evening was a panel discussion on the subject "What I Expect."

The moderator was Bryant Essick, president, Essick Manufacturing Co., president, Merchants and Manufacturers Association and past president of Los Angeles Credit Managers' Association. Sales was represented by Frank Ballman, vice-president in charge of sales, Thermador Electrical Mfg. Co., purchasing by Wm. T. Reynolds, director of purchasing and stores, Los Angeles Transit Lines, and credit by Roy Worth, Secretary-credit manager, The Electric Corporation of California.

Fifteen minutes was given each speaker to outline "What I Expect" from the other fellow and in turn what cooperation he expects to give. Following this the moderator cleared the smoke of battle and gave each a three minute rebuttal period. A conclusion was reached, "management calls the signals but scores are the result of team play."

"Dad" Roberts, Lexington Secretary, Died February 14

Louisville: George "Dad" Roberts, Sr., for the past several years Manager of the Lexington Association of Credit Men, died on February 14. "Dad" Roberts, as he was known to a host of friends and acquaintances in the Kentucky area, was placed in charge of the Lexington group when it was first established as a chapter of the Louisville Association and continued as manager when Lexington was organized as a regular affiliated association in the National Association of Credit Men. Up to the time of going to press no successor to Mr. Roberts had been selected by the Board of Directors of the Lexington Association.

Clarence P. Short Dies Suddenly After Meeting

Springfield, Mo.: Clarence P. Short died of a heart attack Monday, March 19, as he was standing in the lobby of a hotel following a meeting of the Springfield Wholesale Credit Association.

Mr. Short had been representative of both the Springfield and St. Joseph Associations and had acted as traveling collector of the Kansas City Association in that section of the State. He is survived by his widow who lives in Calhoun, Mo.

Andrew H. Rhodes

Wichita: The news of the death of Andrew Harold ("Mike") Rhodes, credit manager for the S. A. Long Co., and president of the Wichita Association, on February 21, arrived too late for inclusion in the March issue.

He was 47 years old.

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New Orleans: Irving Ferman, attorney, a specialist on labor relations, spoke at the March 14 meeting of the New Orleans Association. He discussed controls in a war economy.

Special Trains Planned by Two Congress Groups

At least two Associations are planning special trains or cars to take them to the 55th annual Credit Congress in Boston, Mass., May 13-17. The Chicago contingent will leave Friday, May 11, on a special train of lightweight stainless steel bedroom cars on the New York Central. At Utica, N. Y., the train will be switched to the Adirondack division of the Central and will pull into Lake Placid at 9 o'clock Saturday morning.

There they will spend the morning sightseeing and visiting such famous spots as the huge skating arena. Lunch will be served at the Lake Placid Club, which will be the group's headquarters throughout the day, after which they will visit Whiteface Mountain. Dinner will be served at the club and the train will leave at 11 p.m., arriving in Boston Sunday afternoon.

The Cleveland delegation has chartered special cars to Boston. After the convention they have planned a trip to the North Shore and Cape Ann with dinner to be served in Gloucester, the famous old fishing port. Later they will take a two-day sightseeing trip to the South Shore and Cape Cod.

Henry Heimann Speaks To Capacity Audience

Charlotte: Henry H. Heimann, executive manager, NACM, addressed a capacity audience in the Civic Room of the Hotel Charlotte, February 13 on "Business in a Preparedness Economy." After his talk he was presented with a key of the city of Charlotte (N. C.) by Mayor Victor Shaw. The meeting was sponsored by the Piedmont Association of Credit Men.

SALT LAKE CITY
Roscoe M. Grover
First Security Bank of Utah

GRAND RAPIDS
R. M. Seeber
Wheeler-Van Label Co.

MEMPHIS
Frank M. Norfleet
Ozburn, Abston & Co.

SAN ANTONIO
Elmer Brotze
General Supply Co., Inc.

ASSOCIATION PRESIDENTS

Suspect, prospect, member, active member, committee member, committee chairman, director, officer, president! It's quite a long pull and here are a few more of those who have come full distance.

Anyone can become president of anything. All that is required is much hard work, much time and a large ability to resist discouragement. Congratulations to these men on a well-deserved honor.

BUFFALO
Fred J. Zierk
R. C. Neal Co., Inc.

SIOUX CITY
J. N. Meyer
McKesson & Robbins

PHOENIX
Richard M. Shaffstall
Union Oil Co., of Calif.

EUGENE
Virgil J. Vincent
P. J. Hanns Co.

MANSFIELD
E. J. Osborne
Westinghouse Electric Corp.

PARKERSBURG
Fred D. Lemon
Dun & Bradstreet, Inc.

THE ZEBRA CORRAL

Boston Bound

WEDNESDAY, May 16, is our day to bray. Make it a point to register for Zebra activities when you register for the Convention. Activities will begin with luncheon at noon and a business meeting and round-up following. Dinner at 6:30 P.M. and a usual Zebra Party. Don't forget that Zebra dues card.

An outstanding event of the Boston round-up will be the formal presentation of a hardwood gavel for the use of the National Corral. The striped gavel, properly inscribed to honor Mark Hutchison, our past Grand Exalted Superzeb, is being made and donated by the Gordon-MacBeath Hardwood Company of Berkeley, California. The presentation is made possible through the kindness of Wess Williams, of the Gordon-MacBeath Hardwood Company and an active member of Oakland Herd.

Now we may discard the battered spoon.

Thomas D. Sheriff
GRAND EXALTED SUPERZEB

Look For The Zestful Zebra

Toledo: The Toledo Zebra herd was reactivated March 19. A spaghetti dinner, cooked by J. A. Livi, himself a striped quadruped, figuratively speaking, was served to 26 zebras and lowly mules.

New Orleans: The New Orleans herd has a new slate of officers. They are: L. F. Salathe, Sr., Superzeb; Earl C. Blake, Most Noble Zeb; J. E. Hodsoll, Three Horse Power Burro; Milton M. Salaun, Royal Striper; Harry J. Neelis, Keeper of the Zoo, and J. Bowling Charles, Zebratary.

AN INVITATION

The Boston Chapter, National Institute of Credit, is sponsoring a Convention Breakfast for all those attending the National Convention, and we are taking this opportunity of inviting you to join with us at this inauguration of what we hope will become an annual feature of future Conventions.

It will be held at 8:15 A.M. on Wednesday, May 16th, in the Georgian Room of the Hotel Statler, the Convention Headquarters.

The featured speaker will be Dr. Harold C. Case, newly elected President of Boston University, which has cooperated in carrying out our Institute Educational Program. We feel especially privileged to present the President of this great University to the delegates of the National Association of Credit Men.

A man of wide educational background and experience, he has been called upon to participate in forums and seminars at more than one hundred colleges and universities throughout the country. With his broad vision and deep understanding of human relationships, his message will be of great inspirational value and attendance at this breakfast is a Convention MUST.

This is the first time that the Institute has had a part in a National Convention Program and Boston Chapter presents this Breakfast Program to further promote the educational work of the Association on both the Institute and Graduate School levels.

New York: The New York Credit Women's Group got off to a good start this year with its meetings. Mr. Henry H. Heimann, Executive Manager of the National Association of Credit Men, addressed the Group on March 5 on the subject "The Demands of Preparedness."

Our thanks too are due Mr. Michael Feiring, of the law firm of Feiring & Bernstein, who addressed the February meeting on phases of bankruptcy. He brought out several revealing facts about bankruptcy with which some of us are not too well acquainted.

Miss Ann Clayman presented the following slate of officers for the next season: Mildred Salmon, President, Polly Boker, Vice-President, Jessie Rothberg, Secretary, and Reggie Cole, Treasurer.

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New Orleans: The credit women of New Orleans met March 15 at Delmonico's. New officers were elected to serve during 1951-1952. They are: Miss Dorothy Wyllie, Gulf Refining Co., president; Miss Marcella T. Ritter, James E. Comiskey Co., vice-president; Miss Katherine Bridges, Pittsburgh Plate Glass Co., treasurer, and Miss Muriel Kaupp, Flintkote Co., secretary.

Chicago's 15th Survey Repeats Good Pay Trend

Chicago: The fifteenth quarterly survey of the Chicago Association of Credit Men shows a slight decrease in the percentage of accounts discounting with a corresponding rise in those paying when due. Retail accounts discounting improved considerably. Wholesale accounts also improved somewhat, but there was a noticeable drop in the percentage of industrial accounts discounting. Comparative figures for February, 1951, November, 1950 (the date of the preceding survey), and February, 1950, follow.

Breaking down the figures percentage-wise (except Average Age) for February, 1951, and comparing them with those for November, 1950, and February, 1950.

Accounts	Discounting	Paying When Due	Past Due	Average Age of Accounts
All Types				
Feb., 1951	58.8%	31.5%	9.7%	29.3 days
Nov., 1950	61.9%	27.6%	10.5%	29.0 days
Feb., 1950	60.5%	30.8%	8.7%	28.0 days
Retail				
Feb., 1951	66.5%	22.1%	11.4%	29.0 days
Nov., 1950	63.7%	24.4%	11.9%	31.4 days
Feb., 1950	64.9%	26.6%	8.5%	30.4 days
Wholesale				
Feb., 1951	60.3%	30.2%	9.5%	32.5 days
Nov., 1950	65.1%	25.7%	9.2%	28.8 days
Feb., 1950	58.8%	33.0%	8.2%	28.7 days
Industrial				
Feb., 1951	50.3%	41.3%	8.4%	27.7 days
Nov., 1950	53.8%	35.4%	10.8%	27.2 days
Feb., 1950	56.3%	33.9%	9.8%	30.8 days

Retail Credit Expert Heard at Omaha Meeting

Omaha: Dean Ashby, credit manager of the Brandeis Store and a past national president of the National Retail Credit Association, discussed the relationship between retail and wholesale credit at the March meeting of the Omaha Association of Credit Men.

A second speaker, Donald H. Erickson, of the law firm of Fitzgerald & Smith, gave a brief resume of the Recordation of Accounts Receivable Law and its importance to the credit manager.

Louis Alber Addresses Cleveland April Meeting

Cleveland: Louis Alber, internationally known lecturer, author and business man, who has appeared before the Cleveland and many other Associations in the past few years, addressed the Cleveland Association April 3 on the intriguing subject: "Kremlin Timetable."

Mr. Alber has handled the American lecture tours of many famous people, including Winston Churchill.

PROGRAM

(*Continued from page 28*)

12:00 P.M. Adjournment.
12:30 International Trade Luncheon.
2:00 Round Table Conference on Foreign Credits and Exchange.
Evening Concert and Entertainment for Registered Delegates and Guests.

Thursday—May 17, 1951

A.M. FOURTH PLENARY SESSION.
K. Calvin Sommer, Vice President Central Division, General Credit Manager, Youngstown Sheet and Tube Co., Youngstown, Ohio.
9:30 Call to Order.
Invocation.
9:35 Announcements.
9:40 Recognition of Host City Committees. *Frederick H. Schrop,* Convention Director, National Association of Credit Men.
9:50 Presentation of Membership Awards. *E. N. Ronnau,* Chairman, Membership Executive Committee.
10:10 Subject: "Your Association and Ours—Teamwork." *Fred C. Witte,* President, Robert Morris Associates, Vice President, Chase National Bank.
10:30 *President A. J. Sutherland*—Presiding.
Report of National Committee on By-Laws Revision. *E. L. Blaine, Jr.,* Chairman, Vice President, Peoples National Bank of Seattle.
11:00 Report of Policy and Resolutions Committee.
11:15 Report of Nominating Committee. *C. Callaway, Jr.,* Chairman, Treasurer, Crystal Springs Bleachery, Inc., Chickamauga, Ga. Election of National Directors, Vice Presidents and President. Installation of Directors, Vice Presidents and President.
Unfinished Business.
New Business.
12:30 Final Adjournment.

Three New Members On Interchange Board of Governors

As a result of a vote of all approved Interchange bureaus three new members have been elected to the Credit Interchange Board of Governors to succeed those whose terms expired March 31.

The following will serve three year terms. They will represent the Eastern, Central and Western Divisions respectively:

Thomas D. Sheriff, Hamburg Brothers, Pittsburgh.

Maurice D. Fields, Central Rubber & Supply Co., Indianapolis.

Harry A. Gunhus, Simonds Saw & Steel Co., Portland.

Detroit: The Detroit Association of Credit Men and the Credit Women's Group joined forces March 13 at a dinner meeting at the Sheraton Hotel. Fran Harris, women's editor of the Detroit *News* and of stations WWJ and WWJ-TV, spoke about her work and the celebrities she has interviewed.

Third Annual Business Communication Meeting Held at Wayne University

Detroit: Twenty-one business associations, including the Detroit Association of Credit Men, combined March 29 to sponsor the third annual business communication conference at Wayne University.

In all there were eighteen discussions available including one on credit and collection letters held under the chairmanship of Robert M. Johnson, Truscon Laboratories, chairman of the Detroit Association's education committee.

MEMBERSHIP PROGRESS REPORT

May 1, 1950 to March 31, 1951

CLASS AA			
Louisville	50	1132	104.62%
San Francisco	42	1294	183.
New York	61	3337	101.85
CLASS A			
Rochester	36	657	105.79%
Seattle	39	670	105.18
Pittsburgh	38	862	104.61
CLASS B			
Houston	25	288	109.50%
San Diego	30	483	106.62
Denver	20	372	105.68
CLASS C			
Buffalo	23	206	112.56%
Syracuse	20	250	108.69
Des Moines	14	254	105.83
CLASS D			
Oklahoma City	5	132	103.93%
Green Bay	7	136	104.61
Hartford	3	107	102.88
CLASS E			
Cape Girardeau	44	107	169.84%
Charlotte	37	103	156.06
Miami	31	102	143.66
CLASS F			
Amarillo	18	71	133.96%
Mansfield	14	73	123.72
Billings	8	65	114.03
CLASS G			
Topeka	24	39	260.00%
Lubbock	12	34	154.54
Springfield, Mo.	8	37	127.58

Credit in a war economy was the subject of the March luncheon meetings of the National Hardware Manufacturers' group and of the National Electrical Manufacturers' group. At each meeting the discussion leader was Marvin D. Thorn, associate director of research, Credit Research Foundation, Inc.

NOTICE

During the 55th annual Credit Congress the Associations in the Western Division will propose that Article III, Section 6, of the NACM bylaws be amended so that the membership of the Association shall be divided into 13 electoral districts. This proposed division would supersede the proposed division into 12 districts put forward by the National Board of Directors. (See page 32.

The Western Division proposes that the re-districting as set out by the National Board be followed as far as concerns the prospective districts 1 through 9; that district 10 would consist of Oklahoma and most of Texas; that district 11 would consist of New Mexico, Colorado, Utah, Montana Wyoming, El Paso, Amarillo and Lubbock, Texas, and Boise, Idaho; that district 12 would include Arizona, California, Nevada and Hawaii, and that district 13 would include Oregon, Washington, and all of Idaho except Boise.

As a result of this redistricting the Western Division will propose that the Eastern Division shall include districts 1 through 4, the Central Division 5 through 10 and the Western Division 11, 12 and 13.

These proposals would also include the increase from 29 to 31 representatives on the National Nominations Committee.

Seattle March Meeting Features Two Speakers

Seattle: The Seattle Association heard not one but two guest speakers at the March 19th meeting. Dr. Charles E. Martin, professor of international law at the University of Washington, and Carl E. Croson, senior partner of the law firm of Croson, Johnson and Wheelan, both addressed the meeting, Dr. Martin on his recent trip to India and Mr. Croson and state and federal lien laws.

Dr. Martin is a noted author and expert on Far East affairs, and Mr. Croson has been legal adviser to the Association for over twenty-five years.

E. B. Moran Addresses Eastern N. Y. Members

Albany, N. Y.: E. B. Moran, manager, central division, NACM, spoke on the credit side of selling at the March 27 meeting of the Eastern New York Association of Credit Executives.

The meeting was also the occasion for presenting certificates to thirty members who had completed courses in credits and collections.

Beste Receives Promotion

Detroit: Albert A. Beste, president of the Detroit Association, has been named director of coal sales by his company, the Koenig Coal & Supply Co.

Caveat Vendor

An article on the front page of the March 22 edition of the *Wall Street Journal* brings up a point which should give credit men pause. It points up the number of examples which the Kefauver subcommittee uncovered of gangsters worming further and further into legitimate business.

This gangster is shown as owning an automobile distributorship; that gangster has large real estate holdings; the other gangster is in the dress business, the laundry business, the liquor business, in business of all kinds.

"What about your competitor down the street?" the article continues; is it still under the same conservative management or is it secretly backed or operated by "men of muscle?" Will its competitive tactics be ethical or does it or will it use strong-arm methods?

That is the pith of the article and that is what credit men should ask themselves as searchingly about their customers as about their competitors. Character is still the capital C of credit and a business operated by gangsters can have little character. A little background enquiry about customers' character, in the light of the committee's findings might be time well spent.

In the meantime the *Journal* article should be required reading for every businessman.

Cast Thy Bread Upon The Waters—If Only For Tax Purposes!

J. S. Seidman, CPA, the noted authority and author on tax matters, in a recent newspaper article reminded his readers of the savings in income tax which can be effected by charitable contribution. He points out that, according to the size of the donor's income, a contribution of one dollar actually costs only 9 to 80 cents. In other words by donating one dollar, one can save in income tax from 20 to 91 cents.

If your income is $5000 you save 26 cents' worth of tax every time you contribute a dollar. If your income is $200,000 you save 91 cents in tax with every dollar donation. A man with an income of $50,000 who contributes $1000 to charity saves $750 in taxes. Thus a $1000 contribution costs only $250.

These figures are for individuals only. Corporations save 25 to 27 cents on the dollar, depending on whether their income is less or more than $25,000. Now, since the excise profits tax has gone into effect the saving will be greater.

Mr. Seidman points out that to get the deduction in 1951 the contribution must be made in 1951. Pledges are not enough.

Business Books

Term Loans and Theories of Bank Liquidity. By Herbert V. Prochnow, vice president, The First National Bank of Chicago. 444 pp., New York, Prentice-Hall, Inc. $10.00

Any individual contemplating a term loan for his company will do well to study the advantages and disadvantages of this type of credit as so clearly presented.

"Some Legal Aspects of Term Loans" and "Insurance Company Term Loan Practice" are among the chapters to be considered.

Unlike the banks' a life insurance company's operations are predicted on the regular accumulation of funds at an established rate of compound interest.

Handbook of Tax Accounting Methods by J. K. Lasser, C.P.A. D. Van Nostrand Company, Inc., 250 Fourth Avenue, New York 3, N. Y.; Price $12.00.

THIS book of 909 pages, edited by a leading authority in the Federal Income Tax field, presents information for the treasurers, or financial officers, who are charged with the task of preparing income tax returns for their corporations. It is also designed as a reference text book for accounting and legal professionals who advise business men on this subject. While it is designed for professional use, it is also so arranged as to give adequate information for students in schools of business administration.

The main text by Mr. Lasser covers such subjects as accounting method, records and periods; differences between tax accounting and commercial accounting; shift income and deductions; what income is not taxed; business expenses allowed and not allowed; and special taxes and exemptions for corporations.

In addition the text presents special articles covering 96 specific industries, written by seasoned tax practitioners, which point out special tax information which is distinctly applicable to such individual industries.

A complete bibliography on income tax texts is an added feature of this excellent volume.

Worcester: Alan H. Temple, vice-president, National City Bank of New York, discussed the business outlook before the Worcester County Association of Credit Men April 9.

William E. Niven Appointed Secretary at Evansville

Evansville: William E. Niven has been appointed secretary-manager of the Evansville Association of Credit Men effective April 2. He succeeds Victor Ahrens who will continue as counsel to the Association.

Mr. Niven is a native of South Bend and a graduate of Indiana University. For several years he was connected with a large collection agency in Louisville. He joined the NACM staff about a year ago and from May, 1950, to January of this year he was on the staff of the Credit Association of Western New York, Buffalo. In that short time his membership work was largely instrumental in raising the Buffalo group to top place in Class C.

Positions Wanted

Employed general credit manager, national manager desires position, larger scope. Legal education, proved organizer and administrator. Southern location acceptable. Box A-1, Credit and Financial Management.

Industrial Credit Manager: Seasoned experience on national scale in industrial credit administration. Accustomed to large volume, multiple plant and sales office operations, personal customer and bank contacts, diplomatic relations with top management. B.B.A., M.B.A. degrees, 33, family, will relocate. Resume upon request. Box A-2, Credit and Financial Management.

Industrial Credit Manager, thoroughly experienced. Excellent background. Fine record of accomplishment both conditional sales contracts and open account. Sales-minded. Resume upon request. Box A-3, Credit and Financial Management.

Credit and collection manager: 22-½ years experience in mercantile and retail credit fields. also credit bureau operations. Organized credit department for present employer. Leader in credit association activities. Sales minded, good organizer and administrator and capable correspondent. College graduate. Qualified and eager to assume position of greater challenge and responsibility with progressive company. Box A-4, Credit and Financial Management.

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Here Is Your 15 Point Program

That Turns Delinquent Accounts Into WORKING CAPITAL!

(1) Nation-wide
in coverage. Local in operation.

(2) Free Demand Service
backed by the prestige of the world's largest Credit Association.

(3) Special Offer Service
an intermediate service that expedites payments.

(4) Telegraph or Telephone Demand Service
provided when circumstances indicate its probable effectiveness.

(5) Personal Demand Service
through local, affiliated units of the Association, staffed by skilled, experienced personnel.

(6) Forwarding Service
When necessary, accounts are forwarded to an affiliated office, Association representative or appointed attorney, available in every business community throughout the nation.

(7) Bonded Protection
Every employee who may handle money is bonded.

(8) Trust Accounts
All moneys received and collected are deposited in special trust accounts, regularly audited.

(9) Files Available
at all times for personal inspection of your collections.

(10) No Charge
is made if collection efforts are unsuccessful.

(11) Sales Approach
The Association is dedicated to the principle of a *constructive* approach. Collections are so handled that you retain good will. Business Counseling gives special attention to unusual cases.

(12) Member Owned
Collection Bureaus are member owned, controlled and supervised. The management has the privilege of consultation with outstanding Credit Executives in each community.

(13) No Contract
No collection contract or advance payment required.

(14) Experience and Skill
The personnel of Association Credit Bureaus is thoroughly trained, widely experienced. No other single group can offer such capabilities, particularly when handling complex adjustment and collection problems.

(15) FINANCIALLY RESPONSIBLE
The Association is financially responsible, with a background of 55 years of successful operation. It is backed by 31,045 leading Credit Executives who invite you to centralize your collection claims with your own professional organization.

Use Collection Bureaus "Approved" by the

National Association of Credit Men

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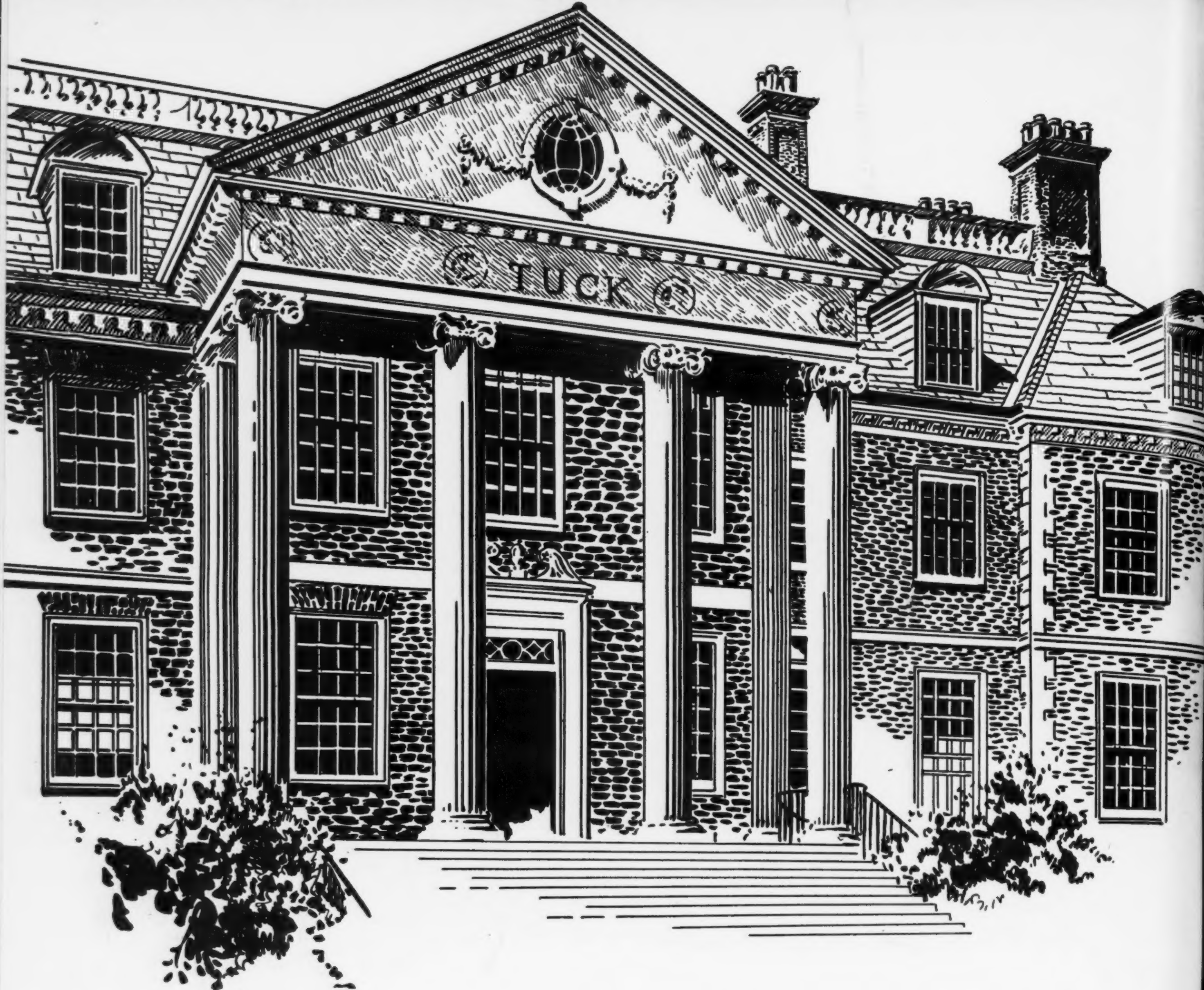
33 South Clark Street
Chicago 3, Illinois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